

EXHIBIT YY

CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

Of the

COMMITTEE ON SMALL BUSINESS JOINTLY
WITH THE COMMITTEE ON CONSUMER
AFFAIRS AND BUSINESS LICENSING

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April 29, 2020
Start: 1:10 p.m.
Recess: 6:36 p.m.

HELD AT: Remote Hearing

B E F O R E: Mark Gjonaj,
Chairperson of the Committee on
Small Business

Andrew Cohen,
Chairperson of the Committee on
Consumer Affairs and Business
Licensing

COUNCIL MEMBERS:

Speaker Corey Johnson
Helen K. Rosenthal
Justin Brannan
Carlina Rivera
Brad Lander
Karen Koslowitz
Francisco Moya
Margaret Chin
Adrienne Adams

COUNCIL MEMBERS (CONT.):

Kalman Yeger
Steven Matteo
Peter Koo
Keith Powers

A P P E A R A N C E S

Greg Bishop
Commissioner of the New York City Department of
Small Business Services

Lorelei Salas
Commissioner of the Department of Consumer and
Worker Protection

Jackie Mallon
First Deputy Commissioner

Steven Edinony[SP?]
Executive Director

Mike Tiger
Deputy General Counsel

Evan Franca
Merchant Member of the North Flatbush Business
Improvement District

Jessica Lappin
New York City Business Leader

Andrew Riggie
Vice Chair of Community Board 7

Robert Bookman
New York City Hospitality Alliance

Amy Healy
Senior Director Public Affairs of Grubhub

A P P E A R A N C E S (CONT.)

Josh Gold
Director, Public Affairs for Uber

Max Rettig
Global Head of Public Policy at Door Dash

Vignesh Ganapathy on behalf of Postmates for
Vikrum Dave Aiyer

Lisa Sorin
Head of Bronx Chamber of Commerce

Karen Narefsky
ANHD Senior Organizer for Equitable Economic
Development

Jo-Ann Yoo
Executive Director of the Asian American
Federation

Ahyoung Kim
Small Business Project Manager at the Asian
American Federation

Ryan Monell
Director of City Legislative Affairs for the Real
Estate Board of New York

Steven Choi
Executive Director at the New York Immigration
Coalition

A P P E A R A N C E S (CONT.)

Mohamad Attia
Executive of the Street Vendor project at the
Urban Justice Center

Michael Brady
Chief Executive Officer of the Third Avenue
Business Improvement District

Pablo Benson Silva
New York City Network of Worker Cooperatives

Jennifer Tausig
Co-Chair of the New York City Bid Association

Matt Newberg
Founder and Author of HNGRY

Antitrust Lawyer
Partner of the New York City Law Firm Frank LLP

Yin Kong
Director of Think Chinatown

Alice Lu
Small Business Owners in Chinatown

Julian Hill
Supervising Attorney at TakeRoot Justice

Brendan Martin
Executive Director of the Working World

Ryan Roy
Small Business Owner in Greenpoint, Brooklyn

A P P E A R A N C E S (CONT.)

Andrew Ding
Owner of the Expat

Carlos Martinez
Member of Sunset Scholars LLC

Rahim Ali
Chelsea Papaya

Mojito Iaba[SP]
Small business owner

Shawday Swift[SP?]
Rebellious Root

Robert S. Altman
Represent the Queens and Bronx Building
Association and the Building Industry
Association of New York City

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2 CHAIRPERSON GJONAJ: [Gavel] We want to comply
3 with the full guidelines during the hearing. First,
4 we ask that cameras be places on viewing mode , so
5 that we are able to identify all parties in
6 attendance. Second, we ask that your microphones be
7 muted until it's your turn to speak. Finally, we ask
8 for all background noises to be limited when unmuted
9 including cell phones.

10 If you are unable to filter out noises, we'll ask
11 you to submit your testimony via email to
12 counciltestimony@nyc.gov. I repeat,
13 counciltestimony@nyc.gov. Should you choose not to
14 follow these guidelines, the Sergeant at Arms will
15 block your video and possibly remove you from the
16 remote hearing. Thank you for your kind cooperation
17 in this matter.

18 Mr. Chair?

19 CHAIRPERSON GJONAJ: Chair Gjonaj. Thank you all
20 for joining our virtual hearing today on the effects
21 of COVID-19 and the city's small business.

22 First off, I'd like to acknowledge that we've
23 been joined by our Speaker Corey Johnson and to you
24 Speaker, a belated Happy Birthday. Many more
25 healthy, Happy Birthdays and looking forward to be

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able to celebrate with you under different
circumstances.

I'd like to also acknowledge my other colleagues
who have joined us so far today. Council Member
Brannan, Council Member Chin, Council Member Rivera,
Council Member Adams, Council Member Lander, Council
Member Yeger, Council Member Koslowitz.

I'm going to turn it over to the Committee
Counsel Stephanie Jones to go over some procedural
items.

STEPHANIE JONES: Thank you. I'm Stephanie
Jones, Counsel to the Small Business Committee of the
New York City Council. Before we begin, I want to
remind everyone that you will be on mute until you
are called on to testify when you will unmuted by the
host.

I will be calling on panelists to testify.
Please listen for your name to be called. I will be
periodically announcing who the next panelist will
be. The first two panels to give testimony will be
Greg Bishop Commissioner of the New York City
Department of Small Business Services followed by
Lorelei Salas Commissioner of the New York City

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Department of Consumer and Worker Protection. I will
call you when it is your turn to speak.

For the question and answer period only, we will
also be joined by First Deputy Commissioner Jackie
Mallon from the Department of Small Business
Services. As well as Executive Director Steven
Edinony[SP?] and Deputy General Council Mike Tiger
from the Department of Consumer and Worker
Protection.

During the hearing, if Council Members would like
to ask a question of the Administration or a specific
panelist, please use the Zoom raise hand function and
I will call on you in order. We will be limited
Council Member questions to five minutes, which
includes the time it takes to answer your questions.

Please note, that for ease of this virtual
hearing, we will not be allowing a second round of
questions for each panelist.

Thank you. I'll now pass to the Speaker to give
an opening statement.

SPEAKER COREY JOHNSON: Thank you Stephanie.
Thank you Chair's Gjonaj and Cohen for holding this
hearing today. There are a lot of bills on deck, so
I will be brief but I wanted to say that as we all

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know, small businesses make our neighborhoods feel like home for residents and they show tourists why we're the greatest city in the world.

So, we have no choice but to make sure they are able to weather this unbelievably painful storm. It is too important for New York City. I can't imagine my neighborhood or any neighborhood without our local small businesses and I'm sure every New Yorker would agree with that sentiment. But they're not just a critical part of making New York special. Small businesses employ 26 percent of New Yorkers and if they close down, hundreds of thousands of workers will permanently lose their jobs and the city loses out on billions of dollars in sales tax, property tax and income tax revenue. Our economy runs on small businesses and now they are facing unprecedented losses. This could be the worst economic disaster that New York City has seen since the great depression.

Many businesses will be forced to shut down for good if they don't get more help. That won't just devastate business owners and their workers, it will further destabilize our economy, our neighborhoods, and the lives of so many New Yorkers.

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3 Congress made some improvements to the Paycheck
4 Protection program but those loans are still too hard
5 to access in their ensured supply and I'm not
6 confident that they will end up helping the vast
7 majority of New York City small businesses.

8 This is particularly true for the city's
9 immigrant owned small businesses. They face
10 significant obstacles in accessing loans because of
11 language barriers, documentation requirements and
12 eligibility criteria. We absolutely need more
13 federal support here but there are some things that
14 the city can do.

15 We've got a large package of bills that we're
16 hearing today including bills that would give
17 desperately needed help to restaurants by capping
18 delivery app fees. I want to give the sponsors time
19 to discuss, so I'll just briefly mention two bills
20 that I'm co-sponsoring. Introduction 1914, which I
21 co-sponsored with Council Member Adrienne Adams,
22 would make threatening an impacted commercial tenant
23 a form of harassment punishable by a civil penalty of
24 between \$10,000 or \$50,000. And Introduction 1932
25 which I co-sponsored with Council Member Rivera,
would suspend personal liability clauses, so that

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city business owners don't face the loss of their
businesses and also personal bankruptcy. I want to
thank everyone who has joined us, I know it is
especially challenging for small business owners to
take time to be here today and I know we can't solve
all of the issues that you are facing but I want you
to know the City Council is committed to doing
everything we can as quickly as we can and I will now
turn it back over to the Chairs.

Thank you very much.

CHAIRPERSON GJONAJ: Thank you so much Speaker
Johnson. I'd like to acknowledge that we've been
joined by colleagues since the start of the hearing
and we've been joined by Council Member Matteo and
Council Member Moya.

Good afternoon. I'm Council Member Mark Gjonaj,
Chair of the Committee on Small Business and I'd like
to welcome you to our remote joint hearing today with
the Committee on Consumer Affairs and Business
Licensing Chaired by my dear friend Council Member
Andy Cohen.

As Chair of this Committee, I've had the honor of
being a voice in the City Council to advocate for and
support the over 200,000 small businesses in New York

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1 City. The small businesses in the city are the
2 living environment of what makes New York great.
3 Nearly half of our small businesses are immigrant
4 owned and, in some neighborhoods, these immigrant
5 business owners employ up to 40 percent of the
6 community. Our small businesses deliver cultural,
7 relevant goods that can't be found in larger
8 businesses or in big box stores. They beautify our
9 neighborhoods and serve as a meeting place for
10 citizen, city's residents to socialize.
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12 Micro businesses with nine employees or fewer
13 capture the more common conception of the mom and pop
14 shop. They are a symbol of the what hard work and an
15 entrepreneurial spirit can accomplish in our great
16 city.

17 The COVID-19 crisis perhaps presents the greatest
18 threat to our economy and small businesses in modern
19 history. Our non-essential businesses are currently
20 closed and they must now decide whether they can
21 continue paying their staff rent, debt, real estate
22 taxes, sewer and water charges throughout the
23 duration of this crisis.

24 Our essential businesses may also be struggling
25 with the declined business and sales and now, have

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the added burden of providing personal protective equipment or PPE to protect their staff and customers.

I look forward to hearing from Commissioner Bishop about the SBS's Loan and Grant program and their success and failures in getting necessary financial resources into the hands of small business owners.

I believe with the right amount of resources and leeway; you could have done more to save our businesses and you still can. I have a number of questions for the Commissioner, specifically how SBS engaged without immigrant small business owners. Why these programs close so quickly and to get a breakdown of which types of businesses and neighborhoods benefited the most from these programs. It is well documented that this virus had a tremendous negative impact on the communities of color. And I want to make sure that the issuance of financial relief did not disproportionately benefit business owners living in certain areas or working in certain industries or of a certain size. And while I'm eager to get answers from the Commissioner on the Grant Loan program, I'd like to be honest. I have

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2 deep concerns that the Mayor may have taken his eye
3 off the ball in protecting New York City small and
4 micro businesses. While he's out busy playing
5 national politics, struggling business owners are
6 left wondering if he would do his job and focus on
7 protecting them during a crisis.

8 To say he was MIA, we'd be putting it mildly.
9 The Mayor needs to realize that he must work with
10 this body to ensure that we can maximize the city's
11 response. Norkman[SP?] reminds us of when Washington
12 told New York City to go to hell in the 1970's by
13 allocating only \$49 million in aid to our small
14 business. In essence, he has told New York City
15 small businesses they can go to hell and they are not
16 relevant.

17 To put things in perspective, \$49 million of the
18 200,000 businesses in New York City, equates to \$245
19 per business. We spend more on parades in New York
20 City. This Administration spent more on parades.
21 This Administration is a \$62.4 million in the FY 2021
22 Budget for Department of Transportation Executive at
23 Administration on other than personal service debt.

24 \$172 million in contracts for legal services.
25 \$129 million for contracts for security services.

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\$45.6 million for printing contracts and \$30 million for advertising. I suggest this Administration focus on the lifeblood of our economy. Our small businesses contribute billions annually to our digit. They deserve more, they are entitled to more. The city must be there for them in this time of crisis. This hearing is also a legislative one. We will be hearing a package of bills today and intended to provide immediate relief to our struggling small businesses during this crisis. We will be hearing eight bills today that relate to third-party delivery platforms. We've had two oversight hearings on this topic this legislative session and have spent almost a year working on this legislation. The bills we're hearing today will ensure that the restaurants will be able to weather the storm and reopen for business after this crisis is over.

I'm especially proud of my bills, Intro.'s 1895, 1896, 1897, 1898, and 1921. I am also co-sponsor of my colleagues bill Council Member Francisco Moya's bills Intro. 1907 and 1908. The Committee will also be hearing Into. 1914 and 1932. I look forward to beginning a dialogue with SBS and our advocates here today on all these bills as they continue the

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legislative process. The package of bills we're hearing today will provide small businesses with the essential relief they need and deserve.

I fear after we open back up this city and life begins to return to a new normal, we will see our commercial corridors decimated and empty. There were signs of this before this crisis. We can't even imagine what our commercial corridors will look like after this crisis.

We must prevent mass retail vacancies. We must save mom and pop shops; we must take advantage and legislative action to ensure small businesses are protected. Now is the time to be proactive. I created a petition calling for City Hall in Albany to wake up and delay business income tax, sales tax, payroll tax, real estate taxes and water and sewer charges. Nearly 20,000 New Yorkers agreed that this must be done. With that said, I'd like to thank the Speaker of the Council for adapting to this new normal and allowing the Council to resume our work despite these challenges.

I want to thank my Chief of Staff Regi Johnson, our Legislative Council Stephanie Jones, our Policy

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3 Analyst Noah Meixler and Financial Analyst Aliya Ali
4 for their hard work in preparing for this hearing.

5 I'd like to turn it over to Chair Cohen, who
6 Chairs the Committee on Consumer Affairs and Business
7 Licensing to say a few words and give an opening
8 statement. Chair Cohen?

9 CO-CHAIR COHEN: Mark, it's good to see your
10 face.

11 CHAIRPERSON GJONAJ: Same here.

12 CO-CHAIR COHEN: Alright, good afternoon. My
13 name is Andrew Cohen and I am the Chair of the
14 Committee on Consumer Affairs and Business Licensing.
15 I'd like to thank everyone who has managed to join us
16 for this remote hearing and thank you Council Member
17 Gjonaaj for convening this important hearing together.

18 The scope of today's hearing is extensive and it
19 has been mentioned, it is both an oversight hearing
20 and an opportunity to gather feedback on numerous
21 pieces of legislation. I look forward to hearing
22 directly from small business owners about the impact
23 that this pandemic on their operations and their
24 experiences navigating government programs meant to
25 assist them.

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Small businesses are the lifeblood of our economy but we all know that even before this pandemic hit, maintaining a profitable one in the city was incredibly difficult. So, it is hard to comprehend to tenacious small business owners are making it happen now.

But many of you still are. We've heard incredible stories of ingenuity and innovation in the ways that you have been able to utilize technology to reach your customers. I hear that there are bodega's in the Bronx that are now taking orders online while others such as restaurants and food trucks are still operating and sending food to our frontline healthcare workers.

While it is inspiring to hear about the generosity and resilience of our small business owners, we do not want you to bear this weight alone. Many of you have called for very specific legislation and governmental support to help you navigate this unprecedented crisis. In response, Chair Gjonaj, myself and my fellow Council Members introduced a package of legislation geared toward reducing the burden on small business to help you maintain your operation and get through this crisis.

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My bill Intro. 1916 will require the Department of Consumer Affairs to waive and refund all fees related to sidewalk café licenses for the remainder of this year. Sidewalk café's cost restaurant owners thousands of dollars in fees annually. There are approximately 1,400 sidewalk café's in the city representing an annual cost to the industry of between \$11 and \$12 million. It simply does not make sense for the city to collect these fees when restaurants are one of the hardest hit industries.

I look forward to hearing from Commissioner Salas and the Administration regarding this legislation. I'm also proud to be a co-sponsor on several of my colleagues bills including the bills limiting the fees, the commissions that restaurants and grocery stores have to pay third party food delivery companies.

In this time of need, these businesses and their workers continuously put themselves on the front line to help New Yorkers acquire basic necessities. It is distressing to hear that their already slim profit margins are further diminished by exploitatively high commissions and fees.

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2 Finally, before we begin to hear the testimony, I
3 would like to thank all the City Council staff who
4 helped make this virtual hearing possible. Specific
5 from Consumer Affairs Balqees Mihirig, Senior Counsel
6 Leah Skrzypiec, I hope I said that right and Policy
7 Analyst Sebastian Bacchi, Senior Finance Analyst as
8 well as my Legislative Director Patty Vandenack and a
9 particular thank you to all the IT people who are
10 really making this miracle of technology take place.

11 These certainly are trying times but I hope New
12 Yorkers find it reassuring to know that the Council
13 can continue its work to serve the people of this
14 city.

15 I believe that Council Member Gjonaj acknowledged
16 all the members of my Committee. I'm not sure he
17 acknowledged Council Member Koo, who has joined us
18 also.

19 And with that Mark, I'm going to turn it back
20 over to you.

21 CHAIRPERSON GJONAJ: Thank you Council Member. I
22 also want to acknowledge that with us, we have public
23 advocate Jumaane Williams and we've been joined by
24 Council Member Powers. I want to acknowledge Council
25 Members Moya, who is a sponsor of Introduction 1907

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and 1908. Council Member Adams the sponsor of Intro. 1914, Council Member Matteo the sponsor of the pre-considered bill, Council Member Rivera the sponsor of Intro. 1932 and the Public Advocate who is the sponsor of the Resolution Number 1049.

For ease of this virtual hearing, we will be limiting opening statements to five minutes for each sponsor. I'd like to turn it over to Council Member Moya for some remarks followed by Council Member Adams. Council Member Moya?

COUNCIL MEMBER MOYA: Thank you Chair Gjonaj. I want to start by thanking my colleagues and of course the Speaker of the City Council and Chair Gjonaj for partnering with me on the package of legislation to protect New York City's local restaurants that we are going to be discussing here today.

When I introduced these bills back in February, we lived in a much different city. At the time, we were concerned about family owned restaurants struggling to keep their doors open because commission fees from apps like Grubhub were really causing an issue for them.

Now restaurants have no choice but to keep their doors closed. Many have already closed for good

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because of the devastating effects of the COVID-19 crisis. With no one sitting down at their restaurants, countless front and back of house staff have been laid off. Every restaurant felt the pressure to partner with third party food service apps, like seamless before but now, they have no choice. Some people treated these apps like saviors for restaurants allowing them to reach customers who were staying home and social distancing.

In March Grubhub made headlines when it announced it would suspend commission fees as the restaurant struggled to cope with the pandemic. Good news for restaurants on the brink of failure. Outlets like CNBC and others reported that Grubhub would and I quote, for go or waive commission fees. Except it wasn't true. In fact, there was so much confusion and misrepresentation about what Grubhub was doing that it later had to clarify its statement.

No, it wasn't waiving fees, it was just deferring them to a later date. So, another words, they were telling restaurants, we hope you survive long enough to pay us our money. How generous of them.

Is there anyone who actually believes that these restaurants barely hanging on will be able to pay off

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the commission fees by some unidentified date? Of course not. It's disingenuous to act otherwise.

Restaurants needed help before COVID-19 epidemic. They are getting swallowed up by the exorbitant commission fees that reach as high as 30 percent and exceed the slim perfect margins most restaurants operate in.

Now, as they perform the essential functions of feeding New Yorkers, they need this help more than ever. This is why we've added a section to Intro. 1908, which would place a ten percent cap on commission fees from third party food vendor services to specifically address the needs during a crisis like COVID.

The new section mandates that in times of declared emergencies, where restaurants are limited to pick up or delivery only, apps could only charge restaurants for actually delivering meals. When we introduced this package of bills, I already could see a nightmare version of New York that had nothing but chain restaurants on every block because no locally owned place could survive the cost of doing business here. Without putting in place the protections these bills would create, that nightmare seems almost

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impossible to avoid. Restaurants and the workers who keep them running in the community that they serve are demanding that we do something to give them a chance at survival. This was true before the pandemic; it turned the world upside down but now more than ever there is a greater urgency to get this done.

So, I want to take this opportunity again to thank the Speaker, Chair Gjonaj and my colleagues for being a leader on this issue and a champion for New York City small businesses and I urge my colleagues to join us in supporting these bills. Thank you Chair Gjonaj for the opportunity to speak.

CHAIRPERSON GJONAJ: Thank you Council Member Moya. I'd like to call on Council Member Adams for some remarks, followed by Council Member Matteo. Council Member Adams.

COUNCIL MEMBER ADAMS: Thank you so much and good afternoon. I'd like to start by thanking Chair's Gjonaj and Cohen for today's important hearing on the impact of COVID-19 on New York City. I'm proud to sponsor Introduction 1914 with Speaker Johnson. This bill would make threatening a commercial tenant based on their status as a COVID-19 impacted business or

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person a form of harassment punishable by a civil
penalty of \$10,000 to \$50,000. Our businesses,
especially small businesses are extremely vital to
the pulse of our neighborhoods. Small businesses are
suffering right now as they are forced to adapt to a
new normal. We need to act now to protect the
businesses that make our neighborhoods vibrant and
maintain the history and character of our communities
across the city.

Unfortunately, thousands of businesses in our
city are suffering as they've been forced to close
due to COVID-19. As availability of federal loans is
limited, many businesses are unable to pay their
rent. This leaves them vulnerable to harassment from
landlords in search of ways to collect or in essence
force the incumbent tenant to voluntarily abandon the
property, so that new tenants willing to pay higher
rents can move on in.

The threat of harassment will particularly impact
the city's small independently owned and immigrant
owned businesses, many of which were operating on
thin margins and struggling to pay rent even before
this crisis.

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So, I thank the Speaker for his leadership and partnership and I certainly thank my colleagues for considering Intro. 1914 to protect our small businesses and protect commercial tenants.

Thank you, Chair's.

COUNCIL MEMBER GJONAJ: Thank you so much Council Member. I'd like to call on Council Member Matteo to give his remarks followed by Council Member Rivera. Council Member Matteo?

COUNCIL MEMBER MATTEO: Thank you Chair's Cohen and Gjonaj for holding today's joint hearing. Thank you to the staff that has helped make it possible, truly appreciate all your hard work.

Every one knows how terrible this pandemic has been. It has kept families and friends apart; it has taken so many loved ones from us. The toll on our physical and mental health continues to be felt and the hardship of this place and our small businesses has also been unprecedented.

Small businesses are the backbone of our communities and the engine of our economy. They employ more than half our city's workforce and most of our residents. They support non-for-profits that

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enhance our neighborhoods quality of life to a level
that government can never accomplish on its own.

We have to support them to get back on their feet
so they can continue to fill that vital role in New
York City. That is why I have introduced this pre-
considered Intro. I appreciate that license and
permits have been extended during the duration of
these emergency but the agency response to Executive
Order 107 of 2020 has been uneven at best. Some
agencies maintain that permits have to be renewed at
the expense of small businesses, so we need the Mayor
to clarify which permits and licenses have been
extended.

We also much ensure that our small businesses are
not burdened with red tape just as we are starting to
allow them to reopen. That is why no permit or
license should have to be renewed for 90 days after
this emergency is over. This will give small
businesses, our mom and pop establishments, our local
restaurants and others at least some breathing room
as they try to restart and to operate without
worrying about paper or a fine from the city.

I look forward to hearing from the Administration
and working with them to make sure that this burden

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is lifted from small businesses before it hobbles
them in their come back.

Thank you, Chair's.

COUNCIL MEMBER GJONAJ: Thank you Council Member
Matteo. I'd like to call on Council Member Rivera
for some remarks, followed by Public Advocate
Williams. Council Member Rivera.

COUNCIL MEMBER RIVERA: Thank you. Good
afternoon, I am Council Member Carlina Rivera and I'd
like to thank Chair Gjonaj and Chair Cohen and
members of the Small Business and Consumer Affairs
Committee's for letting me speak briefly at this
hearing on my bill, Introduction 1932 which would
prohibit the enforcement of personal liability
provisions in commercial leases or rental agreements
involving a COVID-19 impacted tenant.

This pandemic has already left a profound impact
on our city. One that will be felt for years if not
decades. No where will this long term effect be felt
more than in our small business community where
countless owners are facing the very real possibility
that their stores may never return.

We must do everything in our power through
legislation and advocacy to help these pillars of our

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communities and the thousands of New Yorkers they employ. My bill will ensure that business owners, should they be forced to walk away or temporarily shutter their stores, through no fault of their own can do so without facing personal liability, ensuring that one day they may be able to return and relaunch or create a new thriving business in our neighborhoods.

Sadly, I am already hearing from small businesses in my district that some landlords who I understand maybe suffering as well are going after small business owners life savings and personal assets during this national pandemic. These are folks like my constituents Mario, the owner of Follia, an amazing Italian restaurant on 3rd Avenue. Mario is already getting rent due notices and threats from his landlord that the personal liability clause in his lease will soon be acted upon. He has no where to turn right now.

No matter the need, it is a moral and unethical failure for landlords to seek such restitution for people who have already lost their life's work. Any small business owners that's taken the right steps in incorporating their business should be protected by

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this bill and I encourage all members of these
committees to please support Intro. 1932.

I also want to recognize that that bill's we are
hearing today won't do enough for every small business
owner and that this crisis has only deepened the
challenges our small businesses have faced for
decades in our city.

We must continue to fight for the assistance we
need from Albany and Washington both in the form of
rental forgiveness for small business tenants and
financial assistance as well. And as part of any
relief package, our nonprofit and small landlords
must be taken into account through methods such as
property tax relief.

So, as long as they are actively working to
provide direct relief to their tenants themselves.
When I go out to deliver food or assist folks in my
district, I have been both saddened and strengthened
by the store owners who while shuttered and stressed
continue to support and give back to their community
so selflessly. It's time we stepped up and gave back
to them in this time of crisis.

Thank you.

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CHAIRPERSON GJONAJ: Thank you Council Member
Rivera. I want to call on Public Advocate Williams
for some remarks. Public Advocate.

PUBLIC ADVOCATE WILLIAMS: Thank you so much
Chair Gjonaj and Chair Cohen.

CHAIRPERSON GJONAJ: Can't hear you.

PUBLIC ADVOCATE WILLIAMS: You can't hear me.
Can you hear me now? I want to thank Chair Gjonaj
and Chair Cohen for this. I apologize, I have to
keep the mask on. I'm in a crew distribution event
in Statin Island, but I'm used to the magic of
technology, I can still get my statement in this
hearing. So, I appreciate the opportunity to speak.

I do want to thank Speaker as well for working
with the Council to get there hearing online and
showing leadership for our legislature that act the
core of the country that this can be done and I'd
also like to say the Speakers quarantine barrier much
better in the mind, so I appreciate that as well.

And I appreciate the attention for Consumer
Affairs and Business Licensing and Small Businesses
for holding an oversight hearing on the impact of
small businesses in New York City. I know the
Committee is hearing several bills that will support

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our restaurants and delivery workers in our small businesses. I support my colleagues efforts and thank them for introducing these bills.

I'd also like to thank our first responders and frontline workers for helping our city battle coronavirus, as well as keep this city moving. I'm calling and working with the City Council to make sure that our essential workers, who very often are pushed out of [INAUDIBLE 31:37] for the rest of the city will get the recourse that they need due to the failures of our city exec, state exec and our federal exec in decisions that were made.

To the residents of New York City, I want to stress how important it is that we continue to practice social distancing and stay home as much as possible.

With that said, as this crisis continues, the financial pressures on New Yorkers will only increase. My Resolution, Resolution 1049 aims to address the major root cause of one of the financial issues that many New Yorkers face, confession of judgement in business loans. A confession of judgment is a written agreement which one signed by

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3 the bar of monetary loan relinquishes the borrowers
4 right to dispute legal claims made by length.

5 In other words, a person is giving up their right
6 to due process if the debt is unpaid and there is a
7 dispute. While confessions of judgement allow
8 lenders to resolve and receive [INAUDIBLE 32:28] in a
9 timely manner, these agreements have also lead to
10 predatory practices. Lenders can use there
11 agreements to accuse borrowers of defaulting on their
12 loans and seize their assets without proof and prior
13 notification.

14 The Resolution calls on the Congress and New York
15 State to pass legislation to prohibit use of
16 confessions and judgement in business loans. There
17 have been some points in our federal government, it's
18 a step in the right direction but it does not
19 prohibit confessions of judgement from being filed
20 against an instate debtor which leads many New
21 Yorkers vulnerable to predatory living practices.

22 One group of New Yorkers who have made this
23 vulnerable population, taxi medallion owners. There
24 are 11,938 taxi medallions in New York City and
25 obtaining a taxi medallion is not a cheap endeavor.
With many taking out a business loan and they

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couldn't afford it. Between 2002 and 2014, the price of medallions \$200,000 to more than 1 million even though city records show that the taxi driver incomes barely change.

Can you still hear me? Sorry, the following year, the cost of medallions began to fall as the value of the taxi medallions fell, as the value of the taxi medallions fell, lenders denied, borrows appeals to refinance and instead issued confessions of judgment. Allowing the lender to seize the borrowers assets. In fact, several banks use confessions of judgement in their lending activity where the borrower has admitted to defaulting on a loan even before borrowing any funds at all.

The ripple effect of the predatory lending practices, much of which were based on confessions of judgement have left taxi drivers and others who own medallions and a lot of debt.

Incurably a number of medallion holders have taken their lives due to the overwhelming stress from their debt.

Now, the city has the opportunity to address this outcome in a number of ways. The city should look to offer a debt forgiveness course [inaudible 34:25] the

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man the Council appointed the panel to uphold the bill for thousands of drivers and we applaud that. Although much of our city funds will be decimated to address the COVID-19 related issues, we need to look to how to make the promise bailout a reality for the taxi drivers as well. Not only are they among the front line workers who are going outside every day to make sure people can get around safely, they are also among those who are financially struggling during this pandemic.

Small businesses are also at risk of confession of judgments to use against them and probably even more so as we move through this COVID responsive recovery. Whether a local restaurant or retail store, the reality that small business owners are vulnerable to the predatory practice. This is the especially true in our current environment as most this is effectively stopping a steady stream of income. Businesses already have very tough decisions to make, businesses that have signed loans with high interest rates cannot afford to on because of a missed payment. The situation for these small businesses that empower and strengthen our communities is precarious at best.

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MODERATOR: Time.

PUBLIC ADVOCATE WILLIAMS: Losing and these small businesses will be a catastrophe and we expect it might be more. But it does not have to be this way and the legislation on a federal level and on the state, it's the best recourse.

New Yorkers under stress cannot wait any longer for, as their collectors continue to misuse confessions of judgement. So, I'm asking my colleagues to join me and this is just a resolution but I think it helps New York City Council to make sure that we are pushing as hard as we can in conjunction with the other bills. I think we will be moving in the right way in protecting all New Yorkers including all small businesses.

Thank you again. I appreciate it.

CHAIRPERSON GJONAJ: Thank you Public Advocate. Before I turn it over to the moderator, I want to acknowledge that we've been joined by Council Member Rosenthal.

Counsel Stephanie Jones?

STEPHANIE JONES: Thank you Chair. We will now call on members of the Administration to testify. First, Commissioner Greg Bishop of the Department of

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Small Business Services followed by Commissioner Lorelei Salas of the Department of Consumer and Worker Protection.

Before we begin, I will administer the oath. Commissioner Bishop, Commissioner Salas, First Deputy Commissioner Mallon, Executive Director Edinony and Deputy General Counsel Tiger. I will call on each of you individually for response to the oath.

Please raise your right hands. Do you affirm to tell the truth, the whole truth and nothing but the truth before these Committees and to respond honestly to Council Member questions?

Commissioner Bishop?

GREG BISHOP: I do.

STEPHANIE JONES: Thank you. Commissioner Salas?

LORELEI SALAS: I do.

STEPHANIE JONES: Thank you. First Deputy Commissioner Mallon?

JACQUELINE MALLON: I do.

STEPHANIE JONES: Thank you. Executive Director Edinony?

STEVEN EDINONY: I do.

STEPHANIE JONES: Thank you. Deputy General Counsel Tiger?

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MIKE TIGER: I do.

STEPHANIE JONES: Thank you. Commissioner
Bishop, you may begin when ready.

GREG BISHOP: Thank you. Good afternoon Mr.
Speaker, Mr. Public Advocate and of course Chair
Gjonaj, Chair Cohen and members of the Committee on
Small Business and the Committee on Consumer Affairs
and Business Licensing.

My name is Greg Bishop and I'm the Commissioner
of the New York City Department of Small Business
Services. I'm joined by SBS First Deputy
Commissioner Jackie Mallon. First and foremost, this
has been such a difficult moment for our city and
especially our small business community. My staff
and I are working tirelessly for small businesses
through our programs and advocacy for additional
support. I'm so grateful for the Council's
enthusiastic partnership and engagement as we
continue to reach constituents in your districts that
need help and to better understand the involving
impacts of COVID-19 on the city's small businesses.

New York City small business owners are facing
unprecedented challenges. Our goal is to connect
them to the resources they need to preserve through

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3 this crisis and come out on the other side stronger.

4 Based on the concerns we heard in January and
5 February, SBS worked quickly to launch two financial
6 assistance programs. The NYC Employee Retention
7 Grant and the NYC Business Continuity Loan Fund.

8 Through the NYC Employee Retention Grant, SBS has
9 approved financial assistance totaling more than 419
10 million for over 2,600 small businesses. SBS's New
11 York City and NYC Business Continuity Loan Fund, has
12 also seen an enormous demand.

13 We received thousands of applications and are
14 expecting to award about \$20 million in loans. Thus
15 far over 170 loans have been approved totaling more
16 than \$10 million for small businesses. However, the
17 overwhelming needs of our small business community
18 can only be met by the resources of the federal
19 government. To help New York City small business
20 owners access their fair share of federal funds from
21 the Care's Act, our agency has shifted our resources
22 to provide technical assistance of business owners
23 who need help applying to the U.S. Small Business
24 Administration's Emergency Response Products
25 including the Paycheck Protection Program. Which

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reopened to applications earlier this week after
initial funding was exhausted.

Technical assistance ranges from overview of
available funding options to communicating directly
with lenders to address questions regarding
applications. SBS is providing this technical
assistance through virtual information sessions,
small group sessions in a one on one setting.

We will provide technical assistance in multiple
languages, so that immigrant entrepreneurs are not
excluded from these opportunities. Beyond these
initiatives SBS has shifted all our operations to
support the most pressing needs of our constituents
as we weather this pandemic.

Our NYC Business Solution Centers experts are
available remotely to connect business owners with
services including identify additional financial
opportunities through our network of more than 40
lenders and local philanthropic partners. Rent as we
heard, has been an enormous challenge for small
businesses. Our commercial lease assistance program
is available to support small business owners as they
engage with their landlords to discuss changes to
their lease obligations, which might include a rent

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deferral, abatement or reduction among other actions.

CLA lawyers can help review leases to determine what a business rights and obligations are, negotiate a payment plan for arrears. And we know that Council is also committed to providing additional support for commercial tenants and we look forward to discussing Intro. 1914 and Intro. 1932 further.

SBS is also providing targeted support for our cities minority and women business enterprises. In additions to connecting MWBE's with relevant information about SBS and SBA COVID relief opportunities, SBS rapidly transitioned its existing programming workshops. One on one technical assistance and contractor compliance operations to remote service delivery. SBS has collaborated with the Mayor's Office of Minority and Women Owned Enterprise and Mayor's Office of Contract Services to identify MWBE firms that supply essential services such as medical staffing, IT goods, childcare services, cleaning services and food services to connect these in demand MWBE firms with emerging contracting opportunities.

SBS's Workforce One career center staff are available to provide job seekers with 101 assistance

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regarding job searches and preparation as well as unemployment insurance. We are focused on recruiting for essential services such as healthcare, groceries, pharmacies, and delivery companies as well as identifying opportunities that are close to our job seekers, so that's easier for them to travel to and from work.

SBS is currently working with approximately 150 employees to fill 1,600 positions across the city. We are building on these efforts by working with the foods team to establish a workforce development program that is specifically targeted towards the essential businesses that sustain our food systems including grocers.

To support the healthcare industry, SBS is working directly with hospitals and nursing homes to provide support in filling urgent staff needs and develop a home health aid training to meet the ongoing demand of the home care and long term care facility centers.

Since the onset of the pandemic, SBS has worked to ensure that our partners and constituents have access to the information they critically need. We share information through email correspondence,

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social media, advertising campaigns and local and national print, television and radio broadcast media. We have created numerous resource pages with COVID specific guidance for small business owners and job seekers on our website. These new COVID related patients have seen over 700,000 visits since the beginning of March.

We have also activated our community partner network to disseminate information and share details regarding new or ongoing challenges faced by their small business constituents and I have personally held regular conference calls with elected officials and with community partners and through our neighborhood development team. SBS is in close communication with bids and other community based development organizations.

To continue providing critical support to neighborhood commercial corridors across the five boroughs, SBS has worked with all of our Neighborhood 360 and Avenue NYC grantees to rescope their efforts to align with our COVID response and recovery strategies.

By providing technical assistance and working with our community partners, SBS is working to ensure

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that New York City business owners have greater access to federal funding opportunities. No matter how we are able to improve the access challenges of New York City small businesses, we must also recognize and correct the structural problems of the SBH, PPP, and idle programs.

For most among them, the timeline for loan forgiveness needs to change to be fair to New York City and businesses. Congress needs to follow businesses that receive PPP funding to bring their employees back when their city reopens giving them a fighting chance to sustain their business without taking an insurmountable debt.

We are advocating for the extension of these federal loan terms as increasing the timeline or repayment would provide companies with the necessary breathing room to emerge from this pandemic financially sound.

Furthermore, many business sectors, especially restaurants and our hospitality industry need additional assistance with their fixed costs, like rent, mortgage, and utilities in addition to the expense of employee retention which is the focus of the PPP.

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3 And following, the federal government needs to do
4 more to ensure that our smallest, most vulnerable
5 businesses have access to the resources they need by
6 developing financial tools and routing more money to
7 business owners that have been left out of early
8 federal funding rounds, including undocumented New
9 Yorkers, some nonprofits and religious institutions
10 who desperately need more support.

11 With your help and continued leadership for our
12 congressional delegation, we will continue to
13 identify these gaps in resources and advocate to the
14 federal government to ensure that future stimulus
15 packages capture the unique needs of New York City's
16 small business economy.

17 I applaud the Council's leadership in developing
18 local solutions especially related to third party
19 delivery applications but I do want to ensure we are
20 not putting additional regulatory burdens on small
21 business owners at this time. I look forward to
22 discussing further and continuing to work together to
23 effectively serve New Yorkers.

24 Thank you and I would be happy to take your
25 questions.

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3 STEPHANIE JONES: Thank you Commissioner. Next,
4 we'd like to invite Commissioner Salas of the
5 Department of Consumer and Worker Protection to
6 testify. Commissioner Salas.

7 LORELEI SALAS: Thank you. Good afternoon
8 Speaker Johnson and Chair's Cohen and Gjonaj and
9 members of the Committee. I am Lorelei Salas,
10 Commissioner for the Department of Consumer and
11 Worker Protection. First, I'd like to state that I
12 hope that each of you and your loved ones are staying
13 safe and healthy during this crisis.

14 My office has been in regular contact with many
15 of your offices but I look forward to at this hearing
16 officially update you on the work that my agency has
17 been doing.

18 The economic cost of COVID-19 crisis is
19 tremendous, as my colleague Greg Bishop just
20 testified to. But for the over 200,000 small
21 businesses in New York City, including thousands of
22 DCWP Licensees, revenue streams are strained or
23 nonexistent.

24 Under this Administration, DCWP has been
25 especially attentive to small business needs by
promoting a culture of compliance through

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presentations, round table meetings and business. In fact, just last month at our Preliminary Budget hearing, I testified to yet another consecutive year of decreased fines on businesses.

DCWP's mission to protect and enhance the daily economic lives of New Yorkers to create thriving communities is more important than ever before. This is why DCWP has and will continue to work to provide guidance to small businesses and work in good faith to address unforeseen matters of concern.

In compliance with New York State on pause DCWP suspended in person customer visits to the New York City small business support center in Jamaica in our lower Manhattan main office on March 16th.

Instead of in person visits, DCWP published guidance advising customers to use a suite of online services and published public facing contacts to further guide customer questions on issues including business compliance, collections and licensing. This notice remains on our website home page and is available in multiple languages. Less than three weeks after New York calls to extend that to June 30th, upcoming license terms and provided additional

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1
2 grace periods for licensees to submit renewal
3 applications.

4 The Mayor has of course also issued Executive
5 Order 107 which extends license terms for the
6 duration of the state of emergency and if the state
7 of emergency extends beyond June 30th, we will extend
8 our deadlines accordingly.

9 DCWP has also been responsive to stakeholders.
10 Although prohibited by state statute from extending
11 the license expiration date of employment agencies,
12 we acted where we could and extend that the renewal
13 application grace period deadline to August 28, in
14 response to questions from the industry. The
15 complete licensing extension guidance is available on
16 our website and in multiple languages as I said.

17 My staff and I have also been in close contact
18 with the City Council through the COVID-19 crisis.
19 Our partnership facilitated a Mayoral Executive order
20 waiving consent fees for sidewalk café's for
21 dependency of the state of emergency. We are
22 processing refunds as quickly as possible and are on
23 track to complete final steps over the next few
24 weeks.

25

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3 In these difficult times for businesses, DCWP's
4 core function and mission to protect workers and
5 consumers must persist. In order to prevent stores
6 from overcharging New Yorkers, I used my authority on
7 March 5th, to declare our face masks temporarily in
8 short supply. Subsequently, I expanded the short
9 supply order to cover disinfectant wipes and hand
sanitizers.

10 By March 16th, our agency took further steps and
11 issued an emergency rule making price gouging illegal
12 for any service or personal or household good that is
13 needed to prevent or limit the spread of or treatment
14 of COVID-19. Under the emergency rule, businesses
15 have an opportunity to provide evidence to DCWP if
16 prices were raised in excess of ten percent due to
17 increased costs to supply them. DCWP has also
18 subpoenaed several suppliers to investigate claims at
19 businesses that they were being gouged. Thus far,
20 the agency has reached out to several manufacturers
21 of products to request assistance with positive
22 results.

23 Information of flyers for business compliance are
24 available on our website in multiple languages and on
25 March 6th, DCWP physically distributed this flyer in

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various business districts in New York City. In late March, DCWP published updated COVID-19 guidelines for employers and employees as it relates to city, state and federal laws that govern New York City private sector workplaces. DCWP received appreciation from stakeholders on updated paid sick leave guidance that clarified obligations as it related to new emergency protections passed by the state and congress.

I also want to take this opportunity to thank Speaker Johnson for amplifying the regularly updated guidance which is now available in multiple languages on our website. Both the guidance for workplace laws in price gouging are the subject of ongoing virtual outreach events, stakeholder communications, and daily communication with sister agencies like SBS that further amplify our work. Today DCWP has participated in 14 outreach events for small business owners since the COVID-19 crisis began.

Before I discuss the broader package of bills, I'd like to express the sentiment that my agency and the administration generally, we agree with the issues that the Council is trying to address with these bills.

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3 Given the ongoing emergency in this difficult
4 situation, it would be challenging for us to
5 contemplate taking on a broad area of new regulation.

6 With that said, we want to work with the Council
7 to figure out the best pathway forward and what we
8 can do to help small businesses the most that need
9 this help right now.

10 Introductions 1846, 1896, 1897, 1898, 1907 and
11 1908-A; this package of bills aims to regulate third
12 party food delivery services. We'd like to work
13 together on addressing fees as addressed in Intro.
14 1908-A by Council Members Moya and Gjonaj. Intro.
15 1908-A would place a cap on the fees charged to
16 restaurants during this crisis. We are discussing
17 with City Hall to identify the best agency to tackle
18 this pressing matter to protect small businesses and
19 would like to continue the conversations with the
20 Council to find a path forward.

21 Similarly, DCWP supports the intent of Intro.
22 1846 but we have several questions including but not
23 limited to the prudence of only requiring these
24 disclosures to consumers we use a third-party food
25 delivery service and not to those that order directly
from restaurants.

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We're interested in working with you on the other bills as soon as the crisis is behind us.

Introduction 1916 waives all license and consent fees for sidewalk café's that are due on or after January 1, 2020 until December 31, 2020. As noted earlier, DCWP worked successfully with the City Council to address sidewalk consent fees concerns for the dependency of the state of emergency by way of Mayoral Executive Order.

Circumstances resulting from COVID-19 are impacting the bottom lines of thousands of different types of businesses. DCWP alone licenses more than 75,000 businesses across over 50 business categories and sidewalk café's represent less than 1,000 of those businesses.

As a general matter, DCWP will continue to explore ways that we can help businesses tie do dependency of the state of emergency. And we look forward to working with the Council on this.

The pre-considered Introduction requires the Mayor to issue guidance on license renewal deadline extensions. The legislation also provides that no licenses or permits shall be required to be renewed until 90 days after the COVID-19 emergency ends.

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3 This legislation impacts licenses and permits beyond
4 those under the purview of DCWP. The Law Department
5 is currently reviewing the proposal along with the
6 other bills in this package in its totality.

7 In conclusion, I would just like to say that
8 we're very, very grateful for the essential workers
9 that are taken care of the sick and vulnerable and
10 for those delivering a variety of services we
11 normally take for granted.

12 We're also grateful for the incredible sacrifices
13 in our communities. The small businesses that had to
14 close their doors to protect New Yorkers. The New
15 Yorkers to continue to abide by social distance
16 guidelines and our collective staff who have remained
17 steadfast in working for the greater good of the city
18 and on behalf of millions who are suffering in these
19 trying times.

20 Thank you for the opportunity to testify and I
21 look forward to hearing from you and answering any
22 questions you may have.

23 STEPHANIE JONES: Thank you Commissioner. I will
24 now turn it over to questions from Chair Gjonaj and
25 then Chair Cohen. For these questions, again, we
will additionally be joined by First Deputy

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Commissioner Jackie Mallon from SBS and Executive
Director Steven Edinony and Deputy General Counsel
Mike Tiger from DCWP.

Panelists, please stay unmuted if possible,
during this question and answer period. Thank you,
Chair Gjonaj, please begin.

CHAIRPERSON GJONAJ: Thank you Stephanie.
Commissioner Bishop, thank you for your testimony.
What is the total dollar amount in loans that have
been allocated so far that have actually reached our
small businesses, whether it be in grants or loans?

GREG BISHOP: So, first of all, it's good to see
you Council Member Gjonaj and I'm glad that you are
well. As I had mentioned in my testimony, we have as
of today, in terms of our grants, we approved over
\$19 million. And as you know, when we make the
approval, it is a direct debit into someone's
account. So, depending on their bank, once an
approval is done, it could take up to a week for the
money to actually get into the individuals bank
account. And on the loan, we've approved over \$10
million.

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3 CHAIRPERSON GJONAJ: That's \$39 million in total.
4 Is that the total budget that as allocated for loans
5 and grants?

6 GREG BISHOP: So, we actually, for the total
7 budget was around \$50 million and as you know and I
8 know you talked about the allocation earlier in your
9 opening statement. When we created these programs,
10 we actually, we were on the ground in early February
11 because we saw a lot of businesses experiencing the
12 impact of COVID-19 in the city, particularly you're
13 not trying to talk communities.

14 So, this program was designed for smaller
15 businesses that were already experiencing the impact.
16 When the Mayor made this announcement, the world
17 changed within five days as you can imagine and were
18 able to quickly pivot but we knew that the need was
19 going to be far outweigh the ability for these
20 programs to meet the need of the entire city. And we
21 said, and the Mayor said, that we will need the
22 federal government to step in.

23 You know, from when we launched a program, it
24 took us five days from launching, excepting
25 applications to making the first disbursement for our

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grant program. And for our loan program, it took us less than two weeks.

So, our team moved as quickly as possible and for anyone that's in finance you know that you know standing up a program and making disbursements that quickly, it was task and we worked you know, well into late hours, weekends to get these programs up and running as quickly as possible.

But I share your concern in terms of the need. We know that the federal government has the resources as we all know, our budget situation we have as a city, we have to have a balanced budget. The state has to have a balanced budget. So, we need to depend on the federal government in order to not only help our small businesses but help the city in general. So, we certainly agree with you that more needs to be done. We've been advocating and I want to thank our New York Congressional Delegation because they have been fighting for the little guys and I can talk a little bit more about the federal programs but I just wanted to let you know that we moved really quickly. Money is out the door, there are companies that have received dollars from our programs.

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3 CHAIRPERSON GJONAJ: Thank you Commissioner, but
4 I'm still not clear. Is it \$39 million or \$49
5 million that have been allocated in funds for loans
6 and grants?

7 GREG BISHOP: So, the total number is \$49
8 million. What you are seeing here is that we had and
9 I'll ask First Deputy Jackie Mallon to give you the
10 clarity in the dollars. When we announced the
11 closure of our grant program, because when we
12 originally went out, there was a smaller number for
13 our grant program. But instead of shutting the door
14 and saying no, we had a tremendous amount of
15 applications on the last day, I think double the
16 amount that we had throughout the entire program.

17 And remember this grant program was employee
18 retention. So, when we decided that we were going to
19 pivot to now help our small businesses connect with
20 the federal employee retention program, that is why
21 we decided to sense out the out program. Because the
22 out program is only for business with one to four
23 employees. We did open it up to nonprofits and
24 individuals who immigrants could have also
25 participated in this but the federal program had a
much large catchment area.

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So, we had a surge of applications and we are going through those applications, so that number that you're seeing, there is dollars that far exceeds the allocated budget that we're working on right now. Jackie.

JACKIE MALLON: Yes, \$39 million is allocated for the grant program. \$10 million for the loan program, which we're also using private capital in the loan program which is how we get \$20 million-ish in loans awarded. And to date, it's about \$19 million in the grant that's been approved and \$10 million, so it's not \$39 million so far, it's \$29 million actually in the loan, Council Member.

CHAIRPERSON GJONAJ: So, how much has been allocated already, \$29 million or?

JACKIE MALLON: No, no, awarded, so like, on it's way to the customers is \$19 million in the grant program. \$10 million in the loans, that's \$29 million out of the \$49 million that's in the funding.

CHAIRPERSON GJONAJ: Well, thank you Deputy Commissioner but what's the hold up? I mean, this dollar amount is so small to begin with but only \$29 million is out the door, that would mean we have another \$20 million that we could be allocating to

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these small businesses that are in dire straits. So,
I'm not sure who can answer that question.

GREG BISHOP: So, I started by saying that you
know, we moved very quickly and you know part of the
and when we talk about out the door, we're talking
about there's a financial process right. So, once we
make the approval, the money needs to move from
different bank accounts and as I talked about,
depending on your account, some of these transactions
and depending on the dollar value, some of these
transactions do take a certain amount of time.

We also have for the loan, it is an underwriting
process and the underwriting process, our third-
party, we are not underwriting the loans, a third
party is underwriting the loans. They have put all
the resources that they need to. They process
roughly about 40 applications per day and they are
moving as quickly as possible.

So, we expect to have all of the dollars
disbursed for the grant program within the next week
and then of course shortly after for the loan
program. But in the meantime, we're still continuing
to help our businesses connect with our federal
programs because we know this is just a stop gap, the

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city program was just a stop gap. The federal programs are the programs that our small businesses need and we continue to advocate for changes for those federal programs to make sure that they match the needs of our New York City small businesses.

CHAIRPERSON GJONAJ: Thank you Commissioner. I'm just going to reiterate that you need to get this money out the door sooner than later and the total dollar amount of \$49 million which equates to roughly \$204, how many loans and grants were made and what was the total that was requested?

So, maybe I can ask this in a different form. One, what was the dollar amount of the total loans and grants that came in in the form of requests and the total dollar amount? Do you have that answer?

GREG BISHOP: Yeah, so I think, we had over 8,000 applications for our loan program, and if you look at how we are doing with the average size loan of like \$60,000. That's about \$1.5 to \$2 billion in terms of need. That doesn't mean everyone will get you know, everyone has that average but again, it highlights the fact that you know, the need far outweighs our ability to help on a local level which is why we were so excited when the federal government came as

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quickly as they did. Because as you know, in the past, after Hurricane Sandy, the federal government took some time to bring in the additional resources that we needed.

So, in terms of our ability to stand up this program, we knew that it was going to be a program that would just be a stop gap until the federal government brought in their programs.

In terms of numbers, we do have that information. So, in terms of the rent, Jackie, do you have that readily available?

JACKIE MALLON: Sure, sure, we've received 8,800 grant applications and we have awarded 26— a little over 2,600 to date which equate to that nearly \$20 million that we're talking about.

CHAIRPERSON GJONAJ: So, less than a quarter of the applicants have received any funding?

JACKIE MALLON: The approval rate is about 61 percent. Some people that apply are actually not eligible. The larger businesses or whatever, a number of different reasons.

GREG BISHOP: Like, we saw some, the grant program was specifically for small businesses. We wanted to make sure that we had you know, our very

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microbusinesses. So, only businesses that have four or fewer employees were eligible for this program. But we had a number of applicants that had more than four employees. So, what we have done is for those that were not eligible we've connected them to the paycheck protection program, meaning we've provided technical support to help them with the application process either through their lender or through a lender that's accepting new applications.

CHAIRPERSON GJONAJ: Thank you Commissioner. Again, this is only a fraction of the need that's out there and the total dollar amount of \$49 million is less than crumbs when it comes to the needs of our small businesses. And I broke down the number, the total dollar amount versus business that we have in New York City and that equates to about \$245 per business. How small businesses contribute billions of dollars a year to the city's budget, billions and in their most time of need and crisis, all this Administration could give back to them is a total of \$49 million. And in my opening statement, I outlined that we spend more or this Administration spends more on parades. They spent more on printing than they gave out in a form of grants.

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The message is clear from this Administration and although you're going to say there is a stop gap measure that was only temporary, the Mayor has gone on the record quite a few times to say, that the money is not coming in quick enough from Washington to aid our small businesses. It's time for our Mayor, this Administration to start focusing on this city with the resources that we have. No matter how limited they are, \$49 million doesn't even come close to showing the relevance and the sincerity that is needed to our small businesses. This is their dreams that have been destroyed. They see a dim future and this City and Administration has failed to be there for them in this time of crisis.

I don't want to take more time on this issue because we have so many that are going to testify on the other issues on the bills that we have. I'm going to open this up to Chair Cohen if he has any questions for the Administration on the loans and grants and as the Commissioner of Business of Consumer Affairs.

CO-CHAIR COHEN: Thank you Mark. I will be brief; I'm going to let the bill sponsors I think focus on their bills. So, I'm just going to say,

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it's good to see you Commissioner Salas and
Commissioner Bishop.

GREG BISHOP: Good to see you.

CO-CHAIR COHEN: And you know, I appreciate the
collaboration. Consumer Affairs, we've had regular
briefings together and I appreciate the transparency
and us being able to work together. The one in your
testimony, you don't object to 1916. I understand
that the agency is taking action on their own but you
don't have any objection to it do you?

LORELEI SALAS: The question is addressed to me
right, Chair Cohen?

CO-CHAIR COHEN: Yes, yes.

LORELEI SALAS: Yes, so I think that what I did
testify to is that the bill implicates you know, many
more agencies than the Department of Consumer Worker
Protection, right. And so, it is a logical
conversation for the Law Department to really
understand how this would effect the other agencies.
I would say one thing, that operationally, we had
timed our license expiration dates and renewal
expiration dates so that there would be staggered
deadlines, right.

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3 As you can imagine, operationally it could be a
4 challenge to not only have to process 70,000 licenses
5 at once, which could just add to waiting times for
6 license applicants or renewal applicants.

7 CO-CHAIR COHEN: But as related specifically to a
8 sidewalk café, you don't have any objection to that
9 legislation?

10 LORELEI SALAS: Oh, I'm sorry. So, with respect
11 to the consent fees, waiver for the year generate
12 through December 2020. So, as you know, we work
13 collaboratively to arrive at a waiver of the consent
14 fees for the March installing period. These consent
15 fees are part of contractual agreements entered into
16 with the city, right. The agency doesn't have its
17 own discretion to act without involving other
18 stakeholders that are you know, part of or involved
19 in these contracts, right.

20 And I would just say also that obviously this
21 would have an impact on revenue streams, so it's
22 something to just take into consideration.

23 CO-CHAIR COHEN: Can you tell us what the status
24 is? Have you refunded everybody who has paid so far
25 or are you still processing? What percentage of the

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sidewalk café license holders didn't pay? Can you
just give us a little run down on that?

LORELEI SALAS: I can tell you that we are still
processing the refunds, right. We're in the middle
of that. Our finance division will be sending out
checks to those who had already sent their consent
fees within the next two to three weeks.

As to the percentage, I'm not so clear on that
and I'm not sure Steve or Mike have access to that
information but if we don't have it right now, I'd be
happy to send it to you once we get it from the
office.

STEVEN EDINONY: So, Chair Cohen, I appreciate
the question. I think for us, it's a multistep
process. The first of which involves our licensing
team identifying those records that need refunds and
then once we have that in order, working to have the
checks distributed.

So, I think our internal analysis is that over
the next two to three weeks we will have that
completed.

CO-CHAIR COHEN: Did everybody who is entitled to
refund will have gotten it in three weeks or less?

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3 STEVEN EDINONY: That's, right now our analysis
4 is that that will be the case, yes. We're happy to
5 continue to update you if that timeline changes but
6 that is what we believe.

7 CO-CHAIR COHEN: I appreciate that and again, do
8 you have any idea of the percentage of people who,
9 licenses actually paid?

10 LORELEI SALAS: I don't have that right now. I
11 think that when we take some of the estimates we were
12 talking about, about \$300,000 in total fees paid, but
13 I don't know what that represents. So, we'll have to
14 come back to you with an answer on that.

15 CO-CHAIR COHEN: That sounds like a relatively
16 small percentage, that's great. Chair Gjonaj, like I
17 said, I'm going to come back. I think I'll let our
18 colleagues, the bill sponsors ask questions and then
19 I can come back if I have more.

20 STEPHANIE JONES: Okay, Chair, did you want to
21 ask any more questions or you want me to call on the
22 Council Members?

23 CHAIRPERSON GJONAJ: No, thank you Stephanie.
24 Thank you, Chair Cohen. We have a slew of questions
25 that our colleagues can ask.

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3 STEPHANIE JONES: Okay, thank you. Okay, so I
4 will now call on Council Members in the order they
5 have used the Zoom raise hand function. If you would
6 like to ask a question and you have not yet used that
7 function, please raise it now. Council Members,
8 please keep your questions to five minutes.

9 The Sergeant at Arms will keep a timer and we'll
10 let you know when the time is up. You should begin
11 once I have called on you. Okay, so first, we'll
12 hear from Council Member Rivera followed by Council
13 Member Lander. Council Member Rivera?

14 MODERATOR: Time.

15 COUNCIL MEMBER RIVERA: Thank you so much. Thank
16 you to the Commissioners, all of you and everyone
17 here. I just wanted to follow up on a couple of
18 numbers that were kind of discussed. I guess the
19 first one is, you have some numbers here for the SBS
20 the Business Continuity Loan Fund, Commissioner
21 Bishop and the Employee Retention Grant Program. You
22 have 8,000 loans, I think you said, 170 have been
23 approved. How many people actually qualified? And
24 I'm asking because I heard from some of my
25 constituents that they were turned down, so I'm
trying to understand versus how many apply, how many

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3 qualified and then of course the number you included
4 in your testimony which is 170 loans.

5 GREG BISHOP: Right, so far. So, we had 8,000
6 applications which represents the demand for a
7 program that, that far weighed the funding for the
8 loan program. So, it's a two step process. So, we
9 go through the approval process to make sure that
10 they have all of their documentation etc., and then
11 we send it over to the lender to actually make the
12 loan. That's the underwriting process and so, the
13 loan is a traditional loan. So -

14 COUNCIL MEMBER RIVERA: I'm so sorry, I just
15 don't have a lot of time and I just wonder, do you
16 have the number of how many people qualified or not
17 really?

18 GREG BISHOP: Yes, yes, we do. Jackie do you
19 have the -

20 JACKIE MALLON: So far 174.

21 COUNCIL MEMBER RIVERA: 174 out of 8,000?

22 JACKIE MALLON: By the lender, that's what you're
23 asking right? Yeah.

24 COUNCIL MEMBER RIVERA: Okay, I just want to move
25 on. How many small business owners have contacted
you about inability to pay rent and since the city's

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1 applications are closed, where are you referring them
2 to?
3

4 GREG BISHOP: So, we can get back to you on the
5 terms of the number of businesses that we referred to
6 our legal services. But Council Member, I was going
7 to tell you, so **[INAUDIBLE 1:16:36]** for example can
8 use our commercial lease assistance to get a free
9 attorney. We've been partnering with other law firms
10 who are providing pro bono legal services to help our
11 businesses negotiate with their landlords.

12 COUNCIL MEMBER RIVERA: Okay. So, you are
13 referring them where? Sorry.

14 GREG BISHOP: To attorney's. So, right now, if
15 anyone needs assistance with their landlords, we have
16 the commercial lease assistance program, so we are
17 referring them to pro bono legal attorney's. We'll
18 help them review their lease, help them negotiate
19 with their landlord. It's helpful to have an
20 attorney during this time, to have that conversation
21 with the landlord.

22 But we're also advising small landlords because a
23 number of the mortgage companies are issuing
24 forbearance. So, if a small landlord has a mortgage,
25 they too can call their mortgage companies, most

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banks have allowed a 90-day for forbearance, which
that information could actually, that relief can be
passed onto the small business owner.

COUNCIL MEMBER RIVERA: Okay, have you heard from
business owners regarding personal liability concerns
either prior to or during COVID-19, and if so, how
would you assist them?

GREG BISHOP: We have not, but again, we would
connect them to our attorney network. That is one of
the services that we provide in general for legal
assistance, especially around contracts and leases.
So, that would be if someone contacted us and they
can do so either through 311 or nyc.gov/covid19biz we
can connect them to an attorney at no cost.

COUNCIL MEMBER RIVERA: What is your position on
our bill Intro. 1932?

GREG BISHOP: So, Intro. 1932, we are, sorry, so
1932 is the COVID related, I'm sorry.

COUNCIL MEMBER RIVERA: Yeah, it's on personal
liability.

GREG BISHOP: Yeah, so I think we you know, would
love to talk to you some more about that. The Law
Department would love to look at some additional
details, but in general, anything that we can do to

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provide some relief to small business is things that
we would take a look at.

COUNCIL MEMBER RIVERA: So, you don't have a
position at this time but your game to engage in
conversation and figure something out?

GREG BISHOP: Absolutely. There's some legal
questions around that, so we want to make sure we do
it right in terms of the concept, but the Law
Department would love to take some time to review.

COUNCIL MEMBER RIVERA: Okay, and then I just
want, in the wake of the city shutting down its loan
and grant programs, do you think the city still has
a role to financially support businesses,
particularly those owned by or employing undocumented
New Yorkers and thus cannot apply for federal
programs?

GREG BISHOP: So, and I've mentioned this and I
mentioned this in my testimony.

MODERATOR: Time expired.

GREG BISHOP: The private sector, we need to work
with the private sector but we've done it in the past
to help create a philanthropic pathway to get dollars
in the private sector that doesn't have the
restrictions of either federal dollars or city

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dollars to be able to help on those vulnerable, which is our undocumented entrepreneurs. And that is something that we are very much interested in pursuing and we're working with you on how we can do that officially.

COUNCIL MEMBER RIVERA: Thank you. I have a couple more questions but thank you for the time, Mr. Chair.

STEPHANIE JONES: Thank you Council Member. Next, we'll hear from Council Member Lander followed by Council Member Powers. Council Member Lander?

MODERATOR: Clock.

COUNCIL MEMBER LANDER: Thanks very much. I'm going to follow up in the later part of my time on Council Member Rivera's question but I guess I just want to start from like, what we can do on the PPE. Because I spent a bunch of yesterday in advance to this hearing talking to the small business, a bunch of small business owners in my district and not a one has either gotten, but in one case a person got but just can't use the PPP because of the eight week restriction.

So, they have zero federal relief, nothing. They are closed, they got no revenue. Their employees are

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getting unemployment insurance, but they have absolutely nothing to cover rent and their own debt and their supplier leases, nothing. And so, they're terrified they are not going to be able to make their rent payments. They can't keep leasing the machines from their suppliers and so, unless we can make the PPP work and to me, the eight week issue seems like the one that is most, like, that doesn't even cost the federal government anything to let people have until the end of the year to rehire and use 75 percent of the money for payroll and all of these other things are important. And I'm signing on to all of these bills and I support them all and I thank their sponsors. But if we can't get federal dollars to cover the loss of revenue, I just don't see what else is going to work to keep there being just mass business shutdowns of perfectly viable businesses.

So, do you share that analysis and if so, what are going to do to change that?

GREG BISHOP: Absolutely. So, there's actually four things. Three things related to PPP and one I'll jump in really quickly because I see the time is ticking. But you are absolutely right and I've been working with the New York Federal Delegation. They

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share the same concerns that you have and they are advocating and they are working right now negotiating in the next stimulus package. There needs to be a change in terms of the timing.

Remember when the PPP was launched, no one knew how long this pandemic that sort of paused, would occur. And I think you know, this hurts cities that have paused business operations. So, we need to push as delegation and they have been doing it to change that time. We need to change the percentage. Only 25 percent of the PPP can be used for every other expense and you hit the nail on the head, for New York City business, we think based on the ratio, they can borrow two and a half time at payroll. It should be a lower percentage that is required for payroll and then they could use the rest for rent.

And then three, to make sure, ensure and absolutely ensure that our smallest, most vulnerable businesses have access. We are also asking for another tweak. We got the tweak in the second round where banks, small community banks and CDFI's had a \$60 billion allocation. We are now going to advocate that only CDFI's have an allocation that they could work with and they can operate in. Technical

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assistance is so important and it take about a week or two to get a small business in terms of the technical assistance to apply.

And the last thing that I would say that we have not talked about is our insurance industry. Our insurance industry is sitting on about \$800 billion of reserves. They have hid behind the cloak of, you know this is not a covered pandemic, but I say that we should allow the congress to come up with a path. Not necessarily bankrupt the industry but have some type of percentage or allocation, so that way the businesses that have business interruption insurance, these are businesses that have been around for 20, 30 years that have paid their premiums every month and now in the most needed time, insurance companies are hiding behind the veil.

COUNCIL MEMBER LANDER: It's even worse than that, one of the businesses I talked to yesterday, talked about the fact that they are still getting their insurance bill. So, like, not only are they not getting their insurance, the are being expected to continue to pay their insurance. It's really outrageous. So, I just, you know, to me, it's like, I'm open to other things that could matter at scale

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but if we don't change PPP so it could work for our small businesses, I just, I don't know what, all these things we're talking about are good but I don't think they are going to be enough to save a lot of them.

I'm a little less worried about the percentages just because of people reopen and then they have revenue coming in, then they could use the PPP to pay the wages of their workers and use the revenue that's coming in to pay back the back rent. But I hear you, to me, it's really that -

GREG BISHOP: And -

COUNCIL MEMBER LANDER: Let me, just because my time is running out. I just do want to underline what Council Member Rivera just spoke about because I'm going to work hard and pray that we pass all these bills, we get PPP fixed and at least like a lot of our small businesses can benefit from that. That's a big, big leap of faith but no one is coming to help our immigrant entrepreneurs, our street vendors, like a whole set of people that there's no way they're going to be eligible for PPP.

So, we got to build a program at the city level and that might need public debt. You know, it might

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need other but I don't think we can like hope someone else will ride to the rescue for those benefits. No one else is going to come to their rescue.

MODERATOR: Time expired.

COUNCIL MEMBER LANDER: And I just would really reinforce what Council Member Rivera said about our need to stand up a program that does that.

GREG BISHOP: And we agree and we've worked with the private sector before and we will look forward to working with the private sector to address this particular population. So, thank you very much and I'm happy to work with you and Council Member Rivera to make sure that we get it right.

COUNCIL MEMBER LANDER: Thank you.

STEPHANIE JONES: Thank you. Chair Cohen?

CO-CHAIR COHEN: I just want to pipe up for one second. You know to be respectful of the clock, but you don't have to be slavish to it. I thought Council Member Rivera might have gotten cut off. So, I'm just asking people to be respectful of the clock, that's all. Thank you.

STEPHANIE JONES: Thank you Chair. Next, we'll hear from Council Member Powers, followed by Council Member Yeger. Council Member Powers?

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3 COUNCIL MEMBER POWERS: Thank you and thank you
4 to the Chair's for allowing us the time here and to
5 get into questions. I had a couple of questions,
6 one, I just have to echo on what Council Member
7 Lander said, which is that those programs that are
8 put in place while are really still great programs
9 that are helping businesses still need so much more
10 changes to be able to make them actually executable
11 at the city level. But I know we all agree on that,
12 so I'm going to go to questions.

13 But first I want to add this, for the City
14 programs that were put in place, understandably there
15 was a misunderstanding of how their might be a lack
16 of clarity of how long this would last and so
17 resources were limited but can you give us any data
18 on the types of businesses. Like, in terms of the
19 loans that went out and the grants that went out. Do
20 you have a breakdown of what types of businesses
21 receive those? Meaning what sector or what area
22 receive those grants and loans?

23 GREG BISHOP: Yeah, so they vary. So far, a loan
24 program you know, the top recipients of the loans
25 were accommodation in food services, so restaurants
etc., and then followed by what we describe in the

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1 mixed codes as professional scientific and technical
2 services but that's like your architects,
3 architectural firm, traffic designers and then
4 followed by beauty salons, dry cleaners etc. and they
5 have retail. Then it goes down all the way to you
6 know wholesale trade, healthcare, transportation and
7 manufacturing.
8

9 For our grant program, it skewed a little bit
10 differently simply because of the size standard that
11 we applied. So, you saw a lot of professional and
12 technical services again, architectural firms and
13 retail, then hair salons, barber shops, nail salons.
14 Then you had your healthcare and then you had arts
15 and entertainment. Then you had accommodations, so
16 food, restaurants, coffee shops. So, it's a
17 widespread and I think you know one of the reasons
18 why we wanted to limit the employee count was to make
19 sure that we limited to our very micro businesses.
20 But again, first come first serve for as you said
21 with the federal program, it doesn't really help with
22 our small businesses, which is why the things that I
23 mentioned with Council Member Lander in terms of the
24 fixes for the PPP, I think will address the fact that
25

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3 our small businesses got left out of the first round
4 of the PPP.

5 COUNCIL MEMBER POWERS: Okay, and if you have any
6 info you can send to us on that breakdown, it would
7 be helpful just for us to have an understanding of
8 it.

9 GREG BISHOP: Yeah, we can.

10 COUNCIL MEMBER POWERS: On the number of bills
11 that are related to – and this is for SBS or others,
12 so bills that related to commercial tenants and
13 harassment liability, evictions and things like that.
14 Do you have any data related to, one of the concerns
15 is obviously, I've talked to the owners who are
16 holding on to their lives and they are fearful of
17 having to put all their savings into it and
18 conversely I've heard from folks who are you know, we
19 are relying on in terms of tax revenue here in the
20 city. About their concerns with what impact it may
21 be to the city on property tax and their ability to
22 pay. Do you have any data on commercial rent
23 payments for the month of March or April at this
24 point? Basically, in the coronavirus, is there any
25 data available to us about how many, like sort of
percent, like, who is paying and how many commercial

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rent tenants are not able to pay the rent at this
point?

GREG BISHOP: No, we do not have that information
currently. I know the Brooklyn Chamber did a quick
survey of their members of businesses in Brooklyn and
there seems to be about I think 30 percent were not
able to pay the rent and only about half of them have
been able to work with their landlords. But what we
have, in everything that we have done, we've sent out
guidance to so many different businesses. We've told
businesses to be proactive, contact their landlord
and use our legal services to have that conversation.

So, we can provide you information about how many
referrals we've made to our legal services, so you
can get an understanding of how many businesses -

COUNCIL MEMBER POWERS: Yeah, well my point here
is like I talked to a restaurant owner last night who
was wonderful and was talking about his you know, his
difficulty right now some concerns of course on
liability and being able to pay. I've heard
anecdotally some commercial landlords saying they
have collected in the 80, 90 percentile and others
are collecting in the 50, maybe even a lower point a
concern that legislation would impact that and then

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we would be having an inability to collect on property taxes for a number of these folks. So, I am trying to monitor what impact people to the city's revenue and also to those owners as well. And some are trying to do the right thing by their tenants. I've heard some that have not even been communicated or have not had positive communication from their landlord.

I just want to ask one more question since there is so many topics on this. On the topic of surcharges on restaurants and deliveries and apps and things like that. I did not hear, I have to admit, I did not hear the exact position of the Administration on those bills but I did want to ask a question of whether they thought those had apply during this period. Whether there should be a surcharge put on at the moment where restaurants are closed and only open for takeout or were in support of or had thoughts on that beyond that period of time. Meaning, this particular point and time seems unique to the restaurant and hospitality industry relative to the non-coronavirus period of time and whether there was a distinction drawn between those two areas when it comes to those bills.

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3 GREG BISHOP: And so, we and you know, we work
4 closely with the Hospitality Alliance, Ed Drew[SP?],
5 I saw him in this hearing. You know the rest of the
6 industry has already thin margins and so, we're very
7 supportive of any efforts to limit their expenses.
8 Especially during this emergency period.

9 So, we are supportive of that. I think it
10 requires a broader conversation after this period but
11 certainly we want to be supportive of anything that
12 can help reduce the cost of our restaurants.
13 Primarily because our restaurants right now, they are
14 operating on just take out. So, in some cases that
15 might not be enough revenue for them to actually
16 operate but some of them are just operating just to
17 be a resource to the community, so we are very
18 supportive of that.

19 COUNCIL MEMBER POWERS: Thank you and I think
20 I'll end there. Thanks, Chair.

21 STEPHANIE JONES: Thanks Council Member. Next,
22 we'll hear from Council Member Yeger followed by
23 Council Member Koslowitz. Council Member Yeger?

24 COUNCIL MEMBER YEGER: Thank you Mr. Chairman.
25 Thank you very much Mr. Chairman. Commissioner, it's
good to see you again and I'm going to be easy

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because I'm not asking any questions. I'm simply going to make a few statements and you can sit back and relax.

I appreciate the work that SBS is doing for small businesses. I do think that the city can do more, not necessarily from within your department but I'm going to use my free time at the microphone today to make a few points that I've been making over the last days.

The city is continuing its standard process of issuing summonses for example to sanitation. So, that hasn't really laid off, sanitation employees are going around writing summonses on businesses, on homeowners. The city is still doing what it can to suck the life out of New Yorkers and get the cash and I get that because we are facing tough times but I also think that the city can and should do more.

For example, last real property tax payments were done on April 1st, so that's going to be July 1st. There are people who have not been able to make the April 1st payment. They may not be able to make the July 1st and a lot of that particularly when it comes to real property owners that are one and two family owners, relies on rental income. The city has an

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obligation to help tenants of small businesses to alleviate their rental burden but at the same time, it can't be one direction. The city must use the resources that it has to alleviate the burdens on those that have to pay the bills, the landlords who have to give the money to the city.

If tenants can't pay rent and landlords can't pay property taxes, the city gets hurt but if the city can figure out a way to alleviate that burden a little bit on landlords and one easy way to do it right now is to give them a little breathing room. For the city to tell them look, you may not have been able to make your April 1st payment, the grace period was 14 days ago, interest is accumulating, we are waiving that.

Right now, the Mayor and the City Council can make that announcement, well not me, but the Mayor and the Council can make that announcement that interest payments for interest debt being accrued on payments that were due on April 1st will be waived. Interest payments due on payments that cannot be made by July 1st will be waived and a commitment to New Yorkers that real property taxes will not go up this year when we adopt the budget. Not that the rate

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won't change because that's always the trick we play with New Yorkers. We don't change the rate, but everybody gets a higher bill. That the property tax itself will stay, whether that means grieving effect evaluations are rolling them back down, we have to do something to release the pressure on those pipes, otherwise they are going to burst.

The focus on the private sector for relief and the unwillingness of the city to do its part is wrong. And I think that the city and the Council, the Administration and the Council can make those commitments. And the reality is, that tenants who can't pay rent today and tenants who can't pay rent on May 1st, may never, ever be able to recover the loss of revenue to come current. And we need to do things that will fix that. Which brings me to Introduction 1932.

I spoke yesterday about another introduction and seems I'm going to repeat myself in some regard. It's important for us to come up with ways to help tenants, it's necessary. It's also important for us to do it legally and for us to do it constitutionally.

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Intro. 1932 and I think and without speaking for the cooperation Council, I think one of the reasons that the city is not ready to [INAUDIBLE 1:36:24] on it, is because the city doesn't want to come before the Council and say this bill as it is written is unconstitutional. Except it is. The violation of Article 1 Section 10 is constitutional. The city cannot retroactively adjust, amend a contract that was entered into by two parties at arm's length. You can't do it, illegal. We can think we can do it because we always think we can do things that are illegal and unconstitutional but its not lawful for us to do it. Emergency or not, and this is the real epitome of an emergency. There has been no emergency like this, not just in the last 50 year but probably in the last 100 years since the stock market crash of the early 19- nearly 20th century, but we have an obligation to actually be honest with New Yorker. This feels unconstitutional. We don't have a legal authority to go backwards into a contract that was entered into five, six, seven, three years ago, one year ago, 16 months ago and amended retroactively to remove a provision. I want to make one more point Mr. Chair. I know my time is about to wrap up and

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I'm going to try to do it quickly. To understand the nature of why personal guarantee exists in lease abatements. It's important for that to be part of this conversation. It's not simply to suck cash out of people. It is because in many respects, a landlord when deciding to right the seize of property would not but for that provision rent the property.

If a business doesn't have the access, the income —

MODERATOR: Time expired.

COUNCIL MEMBER YEGER: Of the landlord. If it's a new business, the landlord may not want to rent the property. What induces a landlord to do that and what builds the small business enterprises of New York City, including my father's firm. He would not be able to rent the piece of property if he did not sign a personal guarantee on his lease. It's necessary for the landlord to induce him to be willing to accept that lease. When we try to step in and say the landlords wrong, the landlords wrong, the landlords wrong, without recognizing that it's not that the landlord's wrong. But we are in tough times and everybody is hurting and it can't just be that the tenant is not going to pay rent because the

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tenant doesn't have income. We have to find a way, we in the Council, the Administration on the other side of the building have to find a way to reduce the burden on all New Yorkers that are trying to come out of this. Thank you, Mr. Chairman for indulging me and Commissioner, you weren't being lectured at but I appreciate you sitting there patiently. It was just my chance to make these points. Thank you again.

GREG BISHOP: Thank you.

STEPHANIE JONES: Thank you Council Member. Next, Council Member Koslowitz followed by Council Member Chin. Council Member Koslowitz?

MODERATOR: Time.

COUNCIL MEMBER KOSLOWITZ: Thank you very much. Good to see everybody. Today, the Queens delegation had a remote meeting with the Queens Chamber of Commerce and the numbers that they gave us were pretty scary. Out of six thousand businesses throughout Queens county, they don't expect 3,000 businesses to reopen. That's a very scary number. I know my district is full of commercial businesses all over. Wherever you walk, I have all of Queens Boulevard that adds from Elliot Avenue all the way down into Kew Gardens, all businesses, 108th street

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and that's a very scary number. I've gotten calls from different businesses doing the same kind of business for instance, hair salons. One person got a check for \$10,000 and the other hair salon got \$1,600. How did they decide who gets what?

GREG BISHOP: So, those two instances, were the SBA's Economic Injury Disaster Loan Program that they applied to. There was an emergency grant that was attached to that program. That program, the grant was up to \$10,000. But as you can imagine, there was a number of applications, so I think at a certain point, the SBA changed the guidance to limit the amount of dollars.

So, if you were early on, you might have gotten the maximum but later on, they shifted it to just \$1,000 per employee.

COUNCIL MEMBER KOSLOWITZ: That's like kind of unfair and the truth of the matter is, that in most hair salons, the employees are self, they work on commission more than salary. And that's really unfair because the bills are the same. The rent is the same, you know, whenever they apply, the rent is still the same and their expenses are the same. And for one to get \$1,600 and then the other get \$10,000,

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why didn't they foresee that there were going to be a lot more people applying and like kind of decide how much each person would get?

GREG BISHOP: I think the New York Delegation sees that and the New York Delegation has been advocating for additional funding. As you know, the New York Delegation is also advocating for funding for the City of New York itself to help close out budget deficit. So, I've been in touch with everyone from you know, Congressman Velazquez, Hakeem Jefferies, you know even Gregory Meeks. You know, everyone in the New York Delegation to let them know about the concerns of our smallest business, our microbusinesses.

So, again, I will bring this up in terms of additional funding for the next stimulus package and then I'm happy to have your support there as well.

COUNCIL MEMBER KOSLOWITZ: Okay, I just, I just felt that you know the way you described it, first come first served in this kind of disaster act really to do it that way, not anticipating that there would be a lot of people applying for these loans and kind of you know, lower the amounts so each business applying would get the same amount of money.

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2 GREG BISHOP: Right, there's also another
3 strategy that we're pursuing. At the beginning of my
4 testimony I talked about how important CDFI's are to
5 our small businesses. So, more than likely those
6 nail salons, those small businesses that have fewer
7 than five employees, they have a relationship with a
8 CDFI or a small community bank.

9 CDFI's are restricted in terms of their behavior
10 in the open market to get capital. There's some
11 restrictions on the SBA side, which is the Federal
12 Small Business Administration and there's
13 restrictions on the federal reserve side and we're
14 advocating to loosen some of that restrictions, so
15 our CDFI's can get capital and therefore they can
16 lend to those small businesses as well.

17 COUNCIL MEMBER KOSLOWITZ: Okay, thank you very,
18 very much.

19 STEPHANIE JONES: Thank you. Next, we'll hear
20 from Council Member Chin followed by Council Member
21 Brannan. Council Member Chin?

22 MODERATOR: Clock.

23 COUNCIL MEMBER CHIN: Thank you. Thank you to
24 Chair Gjonaj and Chair Cohen and to the panel.
25 Commissioner Bishop, it's great to see you and thank

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you for your support and concern you know, for our small businesses especially the small business in my district in Chinatown, lower east side. It was impacted so early as you mentioned.

So, first I wanted to see if you had some statistic in terms of how many of the small businesses in Chinatown were able to access the city's loan program and then also the grant program, because it took a while for the application to get off and running. So, if you can provide some of that statistic and also, how many were like street vendors who you know, they work or they have another employee working with them. Were they able to get some of the grants and program under the city? If you can answer those two questions.

GREG BISHOP: Yeah, so we can breakdown and we are happy to follow up specific on the zip code for Chinatown because I just have like a global in terms of the boroughwide breakdown.

So, we'll follow up with you specifically for Chinatown. I think for street vendors, you know we did open up the grant program because it's only for companies that have one to four employees. And I you know, spoke to some of the advocates in the street

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vending community. That is one of the areas that we are going to meet folks on in terms of private philanthropy to figure out how we can help those businesses that may not have the traditional documentation that's necessary for these programs. Because you know, there's some vendors, they may not even have like a payroll system. They may not have even maybe a back account. And so, we are definitely aware that there are some gaps in both the city's program and the federal program and we would be happy to work with you to continue to figure out how we can solve that particular problem in terms of helping our street vendors and our undocumented immigrants.

COUNCIL MEMBER CHIN: So, you're saying that none of the street vendors got a grant?

GREG BISHOP: So, I don't have the breakdown in terms, I only have sectors, so I can't tell you if like what we categorize as a restaurant was like a food cart. We would have to look at like who the business was and I don't have that level of details for this hearing but we can go back and give you like just overall businesses in your district. How many were awarded a grant.

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3 COUNCIL MEMBER CHIN: I think it's also helpful
4 to see if like the food carts and you know, the
5 street vendors were able to access that. I think
6 that would really help the community that there is a
7 fighting chance that don't just assume you won't have
8 an opportunity.

9 The other thing is that my question is on the
10 loan, now you had a third-party vendor organization
11 that was helped processing the loan. How come you
12 were not able to reach out to CDFI's and credit
13 unions to help with the city and you had to do the
14 third-party?

15 GREG BISHOP: The third-party is a CDFI. So, the
16 way it works is that we use tax dollars to do a loan
17 loss reserve. We got capital from the private sector
18 and that capital was then deployed to the CDFI and
19 that CDFI —

20 COUNCIL MEMBER CHIN: Which one was that?

21 GREG BISHOP: Pursuit.

22 COUNCIL MEMBER CHIN: Okay.

23 GREG BISHOP: Yeah, so, but I know we also, I
24 know Renaissance, there's a couple of CDFI's we work
25 closely with. You know, Pursuit, renaissance, BCNA,
we also work closely with True Fund. There's a

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number of them that we work with that have specific, Axion[SP?] for example. We have a network of a lot of CDFI's but for this particular program, we worked with them in the past during Hurricane Sandy. They had the technology to be able to stand up this program as quickly as we did it.

So, you know, we are of course working with other CDFI's because they are the one's that will provide the technical assistance to help -

COUNCIL MEMBER CHIN: In this 3.5 stimulus, sorry to interrupt. In the 3.5 stimulus, there's \$60 billion set aside for women and minority owned business but it also did mention from the congressional rep that CDFI, credit union will also be able to help small businesses, is that correct?

GREG BISHOP: That's correct but it's CDFI's and community banks. So, not to get into the weeds, but community banks have access to the capital markets, so they can borrow, they can money from the feds as quickly as possible, CDFI's don't. So, there's sort of like a structural disadvantage for CDFI's in terms of liquidity for them to be able to lend as quickly as possible as community banks. So, what we're seeing in the next stimulus package -

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3 MODERATOR: Time.

4 GREG BISHOP: We would like CDFI's to have their
5 own pool, so their competing against other CDFI'S
6 nationwide and not necessarily community banks. It's
7 a minor clarification but I've been contacting our
8 New York Delegation and they understand sort of like
9 the challenges there as well.

10 COUNCIL MEMBER CHIN: Thank you. Thank you.

11 STEPHANIE JONES: Thank you Council Member.

12 Next, we'll hear from Council Member Brannan followed
13 by Council Member Koo. Council Member Brannan?

14 COUNCIL MEMBER BRANNAN: Thank you. Thank you,
15 Commissioner. Certainly, you know, echoing what my
16 colleagues are saying today and certainly
17 acknowledging the fact that what we're dealing with
18 right now is larger than what the city can handle on
19 its own. But I wanted to ask, as far as the SBS
20 Grant and Loan programs, how does SBS decide how much
21 money to put into that pot in relation to the amount
22 of taxes that our small businesses pay? There seems
23 to be a substantial discrepancy in the money that our
24 small business are funding, putting into the city to
25 keep the lights on versus the money that is now being
extended or offered to them or was being extended and

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offered to them in the grant loan programs. How is that decision made and is there any talk about putting more money into those funds?

GREG BISHOP: So, just to make sure we you know understand your landscape, when we designed this program, the world that we're in right now was totally different. So, we looked at what was happening as the Council Member Chin talked about with businesses that were impacted in January and in February. We looked at the landscape of our small businesses in terms of our microbusinesses and we focus on the largest amount of help that we can assist.

So, businesses with one to four employees, make up about 60 percent of our small businesses in New York City, so we figured that was going to be the maximum reach to help those businesses that were trying to hold on to their employees but still had services for businesses. They were still operating.

Five days later, we got to this point where the entire city needed assistance. Now, we were able to quickly adapt a program because we heard a lot of businesses saying you're only looking at lost reserves in January and February, so we were able to

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add March but we publicly said that this is not going to be enough for everyone, we need federal help and as soon as we got federal help, we started transitioning our resources and all our efforts to make sure our small businesses connect to the federal programs.

COUNCIL MEMBER BRANNAN: Okay, so is there any discussion around now that we're in this new reality, a discussion around putting more money into those programs?

GREG BISHOP: I think you know; it's going to be depending on our resources. As you know, we have our budget constraints. We have been advocating on the federal level for more resources and I think I've publicly said, the Mayor has publicly said, we need the federal government to help us here. And we've been advocating for changes in those federal programs to make sure they are aligned with all the things we're talking about today to New York City businesses and the needs of New York City businesses, to make sure that not only our smaller businesses can get access through CDFI's to these funding. But then also, our businesses in general if they access the PPP, they have enough time to make a decision on

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1 hiring. They have enough time to figure out in terms
2 of how to repay their employees in terms of the
3 percentage.
4

5 So, there's a number of things that we've been
6 advocating for, in addition to you know, asking the
7 banks to do more. They could create, they don't have
8 to wait for the federal government to back the loans.
9 They could create their own loan programs. So, we're
10 doing a number of things to help our small businesses
11 get the capital that they need.

12 COUNCIL MEMBER BRANNAN: Okay, I'll finish up but
13 I guess my concern is you know, we're hearing a lot
14 of talk now about donor states right and states that
15 send back more money to DC than we get. But a lot of
16 small business owners are starting to feel the same
17 way, that they send more money to the city to keep
18 the lights on then they're being offered access to
19 now when they need it most. And there seems to be a
20 pretty big discrepancy there with how much money is
21 being taken from the businesses to keep the lights on
22 in the city versus how much of that money is being
23 you know, put aside to be extended to the businesses
24 now when they need it most.
25

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3 So, that's going to be a big concern for the
4 Council as we go forward certainly into the budget
5 hearing.

6 Thank you for your time.

7 STEPHANIE JONES: Thank you Council Member.
8 Next, we have Council Member Koo. Council Member
9 Koo?

10 MODERATOR: Time.

11 COUNCIL MEMBER KOO: Thank you. Thank you
12 Commissioner Bishop and Chair Gjonaj and Chair Cohen
13 and all our members and also our Administration
14 spending time on this very important meeting.

15 My question is to the Commissioner, the city is
16 only spending \$39 million to help small business
17 owners. It's not enough. We spend more money on
18 renting hotels for homeless people then \$39 million.
19 We spend more money on mental health programs,
20 there's almost a \$1 billion there and so, the city
21 has thousands and thousands of small business owners
22 and many or better as you said, they only have four
23 or five employees. And many owners told me first of
24 all, they don't know how to apply because they have a
25 language problem. By the time they find somebody who
will help them to apply, it's over already.

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3 So, I think we should do more. I mean, we have
4 to find some money to help small business owners
5 because they are the backbone of this economy. They
6 pay taxes, they hire people and it's how a small
7 business should work.

8 This is your agency; your priority should be
9 helping small business owners. But that's more
10 business owners, they close the door, they don't have
11 money to pay the rent and their landlords are calling
12 them and they have bills to pay. The electricity
13 bill, the insurance bills. Even though they haven't
14 opened the business for three months, those bills are
15 still coming.

16 So, I'm hoping as Commissioner you will portray
17 the Mayor to spend more money to help small business
18 owners. Because even if you give them like \$5,000
19 each, you will help them a lot because this will help
20 them pay past rent or something you know. Right now,
21 it's tough and if you don't do anything, I will
22 foresee maybe one-third and half of the businesses
23 will file bankruptcy.

24 So, it will be bad for the city if you don't want
25 to spend money to feed these golden goose. We used
to feed the city of tax revenues and we are the

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golden goose right, the golden geese. Now, the geese have nothing to eat, they cannot lay any eggs anymore. So, the city has to feed the geese, the business owners with some money to help them over this difficult period.

That's all I want to say, thank you.

STEPHANIE JONES: Thank you Council Member. Chair Gjonaj, did you have any further questions for our panel?

Thank you. Chair Cohen did you have any further questions?

CHAIRPERSON GJONAJ: I do. I'll come on. Thank you, Stephanie. I think the Commissioner has an update for us on the number of loans that were issued by borough grants or loans. I'm not sure if you have that now available.

GREG BISHOP: Yeah, so, in terms of the loans by borough and we have talked about the percentage. So, we can, I can go through the actual. So, this is as of April 26th. So, 5 percent of the loans went to Staten Island, 9 percent went to Queens, 66 percent went to Manhattan, 18 percent went to Brooklyn and 1 percent went to the Bronx.

CHAIRPERSON GJONAJ: What went to Manhattan?

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GREG BISHOP: 66 percent.

CHAIRPERSON GJONAJ: And how much went to the
Bronx?

GREG BISHOP: 1 percent as of 4/26 and we're
still processing applications.

CHAIRPERSON GJONAJ: You know what I'm going to
say to you. 1 percent of the loan went to the
Borough of the Bronx and 66 percent went to
Manhattan. And we know that most of these small
businesses exist in the outer boroughs. So, already
we see a huge disparity on how these loans, I mean,
does any one even know how many went to minority and
women owned businesses, the very group that we're
supposed to be fighting for?

GREG BISHOP: Yeah, so we have that and just so
you know the Bronx also has, we also have for the
loans.

CHAIRPERSON GJONAJ: It's obvious, yeah but I
know what we have.

GREG BISHOP: For the loans we have 30 percent of
the approvals went to MWBE's and for the grants, when
you look at the borough breakdown, we have 3 percent
to Staten Island, 60 percent to Queens, 25 percent to

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Brooklyn and 53 Percent to Manhattan and 3 percent to
the Bronx.

I will just let you know that in terms of when
you look at the number of firms that have one to four
employees, the breakdown citywide, 8 percent of those
businesses are in the Bronx, 26 percent are in
Brooklyn, 40 percent are in Manhattan, 23 percent are
in Queens and 4 percent are in Staten Island. So,
there are very small businesses in Manhattan, 40
percent of those, so what you're seeing is a ratio
that matches just the general landscape of small
businesses across the city.

CHAIRPERSON GJONAJ: Commissioner, how many small
businesses from the borough of the Bronx applied for
those loans and grants?

GREG BISHOP: We can get that number to you.

CHAIRPERSON GJONAJ: That will be very telling of
the real story.

GREG BISHOP: Yeah.

CHAIRPERSON GJONAJ: One percent of \$39 million
which really amounts to —

GREG BISHOP: No, that is not accurate. That one
percent is so far of the \$8 million that we have

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awarded, not the \$39 million, and we're still
awarding businesses on the loan side.

CHAIRPERSON GJONAJ: So, in essence of the \$8
million, \$80,000 has gone to the Borough of the
Bronx?

GREG BISHOP: And we can give you a breakdown in
terms of the number of businesses. As you may
recall, the loan which was a standard loan is not an
emergency loan, required businesses to be in business
for two years, there was addition requirements. For
those that did not get the loan through the city's
program, we pivoted them over to the Paycheck
Protection Program, which had a lot more flexibility.

CHAIRPERSON GJONAJ: Commissioner, I don't want
to deflect to the federal government. This is New
York City taking care of its own and if you're
telling me that New York City couldn't do more than
\$39 million, and I'm using your numbers, provide
\$80,000 to the entire Borough of the Bronx, we have
real problems here.

We're not going to figure them out today but we
need this message to go back to this Administration.
Start pumping more mon- give the money back to those
small businesses. You know, we often talk about New

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1
2 York City sending more money out than actually
3 getting back. Give that and I'm going to echo, I
4 think it was Council Member Brannan who said it, give
5 their money back. This is the time that they need
6 it.

7 \$80,000 to the entire borough of the Bronx thus
8 far is not -

9 GREG BISHOP: So, \$80,000 for the loan but when
10 you look at the grant program as well, in terms of
11 the dollars to businesses in the Bronx, we have
12 awarded, let me just pull this up. But it's more
13 than \$80,000 Council Member.

14 CHAIRPERSON GJONAJ: Well, when you get that
15 number, you can get back to us. I think Chair Cohen
16 may have a question in the meantime, but that would
17 be relevant to today's hearing. That's a true
18 telling of how this money, this very limited money
19 which doesn't meet the needs of the city and how it's
20 being broken down by borough including the actual
21 dollar amount would be a true telling of what is
22 happening in New York City. And this Administration,
23 I hope is hearing this loud and clear, this Council
24 is not going to except that. This Committee is not
25 going to except that. Council Chair Cohen?

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3 CO-CHAIR COHEN: Thank you Mark. I just want to
4 circle back. I know that there's been a tremendous
5 focus on SBS but Commissioner Salas, could you just
6 expand a little bit about the price gouging
7 activities that your agency has been up to. I know
8 there has been a lot of good work done and I think
9 it's important that we try to get the word out on
10 some of those activities.

11 LORELEI SALAS: Sure, thank you Chair Cohen and I
12 wanted to get back to you. My staff is telling me
13 that it was 47 businesses that had paid consent fees
14 by March 1st, totaling \$325,000 and that's the money
15 that we're seeking to refund in the next couple of
16 weeks.

17 CO-CHAIR COHEN: That's great.

18 LORELEI SALAS: And so, with the price gouging,
19 just briefly, I would say that yes, we've been
20 overwhelmed with complaints from our neighbors in New
21 York City, over 8,000 complaints. More than 4,000
22 violations issued and for the most part I would say a
23 lot of the businesses get the message and they stop
24 these practices and that's great. That's what we
25 want and in cases in which we are seeing repeated
price gouging, we have filed lawsuits at the Office

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of Administrative Trials and Hearings. I did mention that businesses do have an opportunity to justify an increase in cost that is higher than 10 percent and we'll take that into account when they had to incur additional costs for labor or just to pay their suppliers to bring those items into their stores, right.

We do not want to discourage the retail stores from trying to get those items into our communities. The other thing that I would say is that we're very encouraged by our conversations with manufacturers of these products, who are very much interested in making sure that their products are available to our most, of consumers that most need them without having to pay extra money for that. And so, they are collaborating with us. We have served a couple of subpoena's on certain wholesalers to identify whether they are the ones who are overcharging for these items and so, we are keeping a close eye on that situation and obviously encourage you and anyone else in the Council to let us know if they are seeing this activity occurring in their neighborhoods. We're hoping that it stops and that our New Yorkers are

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able to access the items they need to take care of
themselves.

CO-CHAIR COHEN: Do you know in the 4,000
instances of violations, is that 4,000 individual
businesses or some businesses have multiple
violations? How many businesses have been caught up
in the practice?

LORELEI SALAS: Yeah, I don't have the number of
businesses that were inspected and assessed fines for
but I can tell you that those -

MIKE TIGER: I have those.

LORELEI SALAS: You have them, okay. So, Mike
Tiger can -

MIKE TIGER: Yeah, I believe this is as of
yesterday that there have been over 1,200 inspections
with 289 summonses issued by our enforcement division
that will be heard at OATH, the Office of
Administrative Trials and Hearings. Of those 289
summonses, they made up over 4,500 violations.

CO-CHAIR COHEN: Oh, so, when you find somebody
who is doing it, they are doing it through a number
of different products in their business.

MIKE TIGER: Exactly or a lot of one product.

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3 CO-CHAIR COHEN: Or a lot of one. Thank you,
4 Commissioner, I really appreciate your time here this
5 afternoon. Thank you.

6 LORELEI SALAS: Thank you Chair Cohen.

7 CO-CHAIR COHEN: Thank you Stephanie.

8 STEPHANIE JONES: Thank you Chairs. Alright, so
9 we will now turn to public testimony. I'd like to
10 remind and thank you to the panelists. If you'd like
11 to leave, you're welcome to do so.

12 I'd like to remind everyone that unlike our
13 typical Council hearings we will be calling
14 individuals one by one to testify. Each panelist
15 will be given three minutes to speak. Council
16 Members who have questions for a particular panelist
17 should use the raise hand function in Zoom and I will
18 call on you after the panelist has completed their
19 testimony.

20 For panelists, once your name is called, a member
21 of staff will unmute you. I would like to now
22 welcome Evan Franca to testify. After Evan Franca I
23 will be calling on Jessica Lappin and then Andrew
24 Riggie. Evan?

25 MODERATOR: Time.

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3 EVAN FRANCA: Thank you. First of all, I'd like
4 to thank the Chair Gjonaj and the City Council for
5 allowing me to speak today.

6 My name is Evan Franca and I am the Merchant
7 Member of the North Flatbush Business Improvement
8 District and also the owner of Brooklyn Crepe for the
9 past 12 years in Councilman Lander's district.

10 Right now, many of you noted that New York City
11 hospitality is on life support and with everyday that
12 passes, we're losing the café's, the restaurants and
13 the bars. They make our neighborhoods so special.

14 I'm actually one of the lucky businesses, we've
15 actually been able to stay open throughout the
16 pandemic for take away and delivery and we've
17 retained seven of our nine staff members. And we've
18 even provided over 300 meals to four local hospitals.

19 Now, since Governor Cuomo issued a stay at home
20 order, we've seen a big change in our business. So,
21 pre-COVID, we were receiving about 20 percent of our
22 overall business from these third party delivery
23 services but now that's jumped to almost 80 percent.
24 So, what does that mean? So, the six main services,
25 Grubhub, Seamless, Uber Eats, Post Mates, Door dash
and Caviar all operate slightly differently but

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generally, they take a 25 to 30 percent fee from us for each order that we receive and they deliver for us.

So, if we did \$1,000 in business before the pandemic and 20 percent of our orders were through these apps, we'd be looking at about \$60 in fees and I'd still be left with \$940. I can make a living.

Now, today, if I do that same \$1,000 in sales, 80 percent of that is going to be subject to a 30 percent fee and now, \$240 go to these companies, I'm only left with \$760 which just aren't covering my expenses. That difference over the course of the year would be over \$65,000.

This is simply an unsustainable model and it's been an issue for years but this crisis has exposed this broken model and we need immediate government intervention. Now, the digital economy and third-party delivery is going to continue to grow and there needs to be regulation.

I understand that these companies, they have employees and expenses but they also charge our customers fees and shouldn't be allowed to profit off of both side while were drowning in this crisis. So, what we need to do, is we need an immediate cap on

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the total fees, restaurants, including the delivery fees, marketing fees and the credit card processing fees to no more than 10 percent during this crisis and that would give us a fighting chance.

In addition, on fees where the customers pick up orders, we need a smaller fee of maybe just three to five percent you know, so that we can focus on surviving these next couple of months. We also need to have the freedom to charge higher prices with these platforms than our diamond customers. So, if it cost us 30 more plus packaging cost, we should be able to factor that in and charge more and currently many of these platforms don't allow that.

These companies also need to be licensed and be able to lose that license if they engage in poor business practices. Just like how we can fined and closed down for not running our operation properly, they should have that same oversight. For example, just by having signed contracts with one of these companies, they increased my fees overnight from 21.5 percent to 29 percent, a 7.5 percent jump without my approval, that's not right.

And finally, I support more transparency so that the customers know what percentage of their money is

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going to these third party companies and where their tips are going, not to take anything away from these hard working delivery drivers that we partner with but they also need protections and that's a whole separate issue. But I think there should be a mandatory tip line for the restaurant staff that are preparing the meals as well as the delivery drivers.

Not all the third-party apps are created equal. Caviar and Door Dash have reduced delivery fees and have through the end of May and they've eliminated fees on pickup orders during that time and I will applaud them on that but things are not going to go back to normal in a month and we need more protections.

These steps I outlined will give us desperately needed lifeline in this uncertain time and help us feel more confident to hire back staff and reopen our doors but time is running out and if further inaction continues we're going to lose a majority of our independent restaurants that make up the fabric and sole of our city.

Thank you again for the opportunity to speak today.

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3 STEPHANIE JONES: Thank you. Chair Gjonaj, you
4 had a question for our panelist?

5 CHAIRPERSON GJONAJ: Yeah, thank you Stephanie.
6 Evan, thank you so much first of all for joining us
7 today and testifying. What you're saying hits home
8 with so many businesses out there that couldn't
9 participate but can you explain a little bit more
10 about the B-structure? You said, 25 to 30 percent,
11 can you give me the extreme breakdown of the charges
12 that you are seeing?

13 EVAN FRANCA: Well, there is six different
14 companies that we deal with and each one has a
15 slightly different fee structure. Some charge a just
16 flat fee of 30 percent, others charge a marketing
17 portion of the fee and a delivery portion of the fee
18 but in general, most of the companies range in fees
19 from about 25 to 30 percent and then some of those
20 also add on a credit card processing fee, some of
21 them don't. So, it's kind of, you'd have to talk to
22 each company individually but generally it breaks
23 down to about 25 to 30 percent.

24 CHAIRPERSON GJONAJ: So, can I ask you to be
25 transparent, I'll use Grubhub?

EVAN FRANCA: Sure.

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3 CHAIRPERSON GJONAJ: What is the fee structure
4 that they are charging you for delivery, marketing
5 and credit card?

6 EVAN FRANCA: We are charged it's 25 percent for
7 the delivery and marketing fees and then it's around
8 a 4 percent processing fee. So, we pay about 29
9 percent for delivery orders. Now, if a customer
10 comes and picks up the order, we're still charged 15
11 percent, even though they did nothing except for
12 aggregate that order for us. So, they didn't deliver
13 it. That's a customer just going on Grubhub saying
14 hey, I want to pick up an order. We're still being
15 charged 15 percent just for a customer to place the
16 order through there platform.

17 CHAIRPERSON GJONAJ: Evan, what is your profit
18 margin on your typical sale?

19 EVAN FRANCA: Typically, you know, in our
20 industry we see around a 10 percent margin on our
21 sales. Now, when our restaurant is full of people,
22 it's nice to have these extra sales that come in but
23 now that we're not allowed to fill our restaurants in
24 this emergency, we're relying on only these orders
25 and we just simply can't survive on these margins if
we're not allowed to have our regular dine in

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3 customers. I mean, even the CEO, Matt Maloney of
4 Grubhub said that this not sustainable.

5 CHAIRPERSON GJONAJ: So, Evan, you're telling me
6 your profit margins are around 10 percent but yet
7 you're paying up to 30 percent plus the credit card
8 fee to these food party online apps. That would mean
9 on each sale, you have a net loss.

10 EVAN FRANCA: Yeah, we are losing money on a lot
11 of these orders now.

12 CHAIRPERSON GJONAJ: Well, it would be on every
13 order.

14 EVAN FRANCA: Yeah, yeah.

15 CHAIRPERSON GJONAJ: Your profit margin is at 10
16 percent but yet you're paying out 30 percent plus
17 credit card fees. That means each delivery and each
18 order is a net loss, is that accurate? I don't want
19 to put words in your mouth.

20 EVAN FRANCA: Yeah, I mean I've been working 12
21 hours a day just to pretty much to get us to break
22 even and I'm not taking any salary or any pay. So,
23 yeah, basically we are pretty much losing money right
24 now.

25 CHAIRPERSON GJONAJ: Thank you Evan. We're going
to fight this fight for you and all of our other

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small businesses, in particular the restaurant industry that is being impacted by this crisis and where they are shut down or if they are open, it's only delivery and third-party food order apps is the only way that they are able to stay in business. But when your netting a net loss, I don't know what's better, just shutting the doors or continuing the slow bleed.

EVAN FRANCA: Yeah, right now I'm just trying to keep my staff employed and keep the lights on until this situation improves.

CHAIRPERSON GJONAJ: Thank you Evan.

EVAN FRANCA: Thank you.

STEPHANIE JONES: I just want to remind public panelists that you do not need to use the Zoom raise hand function. We have seen you and we will call on you in order.

Chair Cohen, did you have any questions for our panelist?

CO-CHAIR COHEN: Sure, I just, have you thought about not using these platforms? I mean, you know, if Chair Gjonaj's math is correct, you know, you could lose money without giving it to Grubhub. You don't need their help to lose money.

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2 EVAN FRANCA: Yeah, that's a great question and
3 one that we get a lot. You know, right now, we just
4 need every bit of revenue that we can get and
5 unfortunately that's just not an option as so many
6 customers use these platforms and are used to using
7 these platforms, we simply just don't have the time
8 to create our own systems and many entrepreneurs have
9 tried to do that. You know, we're going into these
10 companies that have you know, millions and millions
11 of dollars of resource of marketing of advertising
12 all over the trains and they are being used. It's
13 like Uber and it's like telling tax companies to oh,
14 just start your own app and just compete with Uber.

15 You know, we would tens of millions in start up
16 capital to be able to build out the technology and
17 compete with these guys realistically.

18 CO-CHAIR COHEN: Thank you Chair.

19 STEPHANIE JONES: Thank you. We'll now turn to
20 questions from other Council Members, I see Council
21 Member Powers has a question for our panelist.
22 Council Member Powers?

23 COUNCIL MEMBER POWERS: Yeah, thank you. Thanks
24 to both of the Chairs. I just want to go at that, am
25 I right saying that according to what the answer was

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1 that you are losing money on every single, it's kind
2 of a follow to Council Member Cohen and Council
3 Member Gjonaj's question but you are losing, is that
4 possibly true, you're losing revenue on each delivery
5 that goes through these platform? Is that how I
6 heard that?
7

8 EVAN FRANCA: That's correct.

9 COUNCIL MEMBER POWERS: But I mean, I guess, my
10 question is kind of with Council Member Cohen's, in
11 what world would a restaurant stay on a platform if
12 they were losing money on every transaction was being
13 done by it?

14 EVAN FRANCA: Well, for one, it's keeping my
15 staff employed and again, during good times, when our
16 dining rooms are full of people, this is extra
17 income. Let's say this is our, you know, we can't
18 fit, let's see we only have ten seats, we can only
19 fill those ten seats. So, if we're able to get some
20 of these orders, then we're not losing money because
21 it's helping us cover those costs. But now that
22 we're not allowed to have any diners dine in and
23 we're only subject to using these apps, again, it's
24 about 80 percent of our business now and only about
25 20 percent of customers actually coming and ordering

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at our window, we can't survive on that math and
those numbers right now.

The numbers need to be you know, we need to have
that discussion in the long term to be capped, but
right now, we just really need immediate assistance
during this crisis when we're not allowed to have
diners.

COUNCIL MEMBER POWERS: No, and I understand
that, I guess I'm just torn here in terms of,
certainly during this period of time, I think all the
platforms, I see many of them on here should be doing
as much. I know some of done stuff but to limit,
this is just about take out right now and delivery.

EVAN FRANCA: And we're not losing money on the
Caviar and Door Dash orders, because those orders are
only in the ten to twelve percent range right now,
since they've reduced those fees.

COUNCIL MEMBER POWERS: That's where you're
making profit is on Door Dash?

EVAN FRANCA: Yeah, we are making money on our
Door Dash and Caviar orders.

COUNCIL MEMBER POWERS: Yeah, but I guess my
point is, is it is hard to hear or believe that on
every single delivery order, one is losing 30

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percent. I'm not accusing you of anything, it's just the reality of that seems hard to put together how you could be losing 30 percent. If a restaurant would be losing 30 percent on a transaction or losing money I should say on a transaction and continue to do it, the math of that is difficult for me to understand.

EVAN FRANCA: Right, we need a certain amount of revenue just to cover our rent, our expenses, our employees and our staff. So, right now, you know, I'd rather lose a little bit of money and keep my staff that I've had for so many years and you know, keep paying rent and keep the lights on and keep the insurance paid and all those bills paid, then just close down the business completely and you know, lose the 12 years that I've spent building it up in the community.

COUNCIL MEMBER POWERS: Okay, and I appreciate it. Just two more questions that are related, how much of this is negotiable? I know some platforms allow you to come in and negotiate. I don't know, I really honestly don't know how every platform works with the business but how much of this is negotiable, meaning you could sit down and negotiate with the

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1 platform about what the revenue sharing or what the
2 arrangement is and how many platforms allow you to
3 negotiate? How much of it is negotiable and
4 renegotiable? And then lastly, how much of those
5 fees are mandatory versus things that you can opt
6 into. I know on certain platforms you can elevate
7 yourself because you may want to be seen by more
8 folks, but can you explain to me just in terms of how
9 much of that is negotiable and how much of that is
10 option null in terms of how you pay to seeing things
11 like that?
12

13 EVAN FRANCA: Sure, so as an independent
14 restaurant, we don't have a lot of negotiability. I
15 know you know, if you're a McDonalds or you're a big
16 chain and you have a lot of locations, you are going
17 to have some power there in the negotiability of your
18 contracts. Like I said, we were at a certain rate
19 and you know, Grubhub and Seamless said hey, this is
20 going to be your new rate starting next week and like
21 it or not. You know you can drop us if you want.

22 I've called other companies to speak about this
23 and they've said, nope, we're not going to move the
24 rates. The rates are what they are, take it or leave
25 it. So, I've seen a lot of resistance to negotiating

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3 these rates. Again, besides Door Dash and Caviar who
4 have voluntarily reduced the rates for all of the
5 restaurants on their platform. And can you repeat
6 the second questions again?

7 COUNCIL MEMBER POWERS: The second question was,
8 fees that are optional, meaning you might pay or one
9 restaurant might decide to pay more than another
10 restaurant on their platforms to get themselves
11 priority status.

12 EVAN FRANCA: They do try to pit restaurants
13 against each other to compete in this marketplace to
14 get better visibility on the website. And there are
15 also options, if you do deliver the food on your own
16 and have your own delivery staff, the fees are less.
17 But it's not easy for us to hire a brand new you
18 know, staff of and it's also very costly as well to
19 hire more employees and staff to deliver that food.
20 So, these percentages are if they are delivering the
21 food for you, they are a little bit lower. If you're
22 doing the deliveries yourself but a lot of can't
23 afford to hire those delivery driver's right now, pay
24 the additional insurance and just you know.

25 COUNCIL MEMBER POWERS: And how many of the
platforms of the six that I think you said you were

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on six platforms. How many of those do you negotiate a fee with the platform versus those where it's a take it or leave it. Figuratively meaning, this is the fee we charge for the restaurant versus having to individually negotiate with them.

Like, if I open up a restaurant today, how many can I go to and I pay the same rate as you by default versus having individually negotiations?

EVAN FRANCA: Most new restaurants now it's pretty nonnegotiable. In the beginning when they were first piloting these programs, they were offering better rates to get restaurants to sign up but I've found a lot of resistance now in negotiating, at least on my own. Maybe if we had a large collection of restaurants that were negotiating but then again, we'd have to you know, we'd have to pull out if they didn't and a lot of restaurants rely on this income and every order right now really counts. So, you know, I hope they don't take me off their platforms for saying anything negative about them.

COUNCIL MEMBER POWERS: Alright, I'll leave it right there. Thank you for taking some time to answer the questions.

EVAN FRANCA: Sure.

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3 STEPHANIE JONES: Thank you. I understand Chair
4 Gjonaj has a follow up question.

5 CHAIRPERSON GJONAJ: Thank you Stephanie. Evan,
6 just to piggyback on some of the questions and your
7 responses to Council Member Powers. Is this the most
8 you can get from the platform? Is there any other
9 bells and whistles, so the 29 percent is that the
10 maximum that you can be charged by Grubhub or is
11 there other programs that you can participate in
12 marketing that would increase the fee? Is this the
13 Rolls Royce that you're enrolled in?

14 EVAN FRANCA: So, there is another program and
15 it's, I think you've touched on it before in your
16 previous hearings. It's called virtual restaurants
17 or ghost kitchens. For those concepts, I've seen
18 rates of up to 34 percent.

19 If you're trying to introduce a secondary concept
20 within your concept, they'll charge up to 34 percent
21 fees on those orders.

22 CHAIRPERSON GJONAJ: And Evan, the last thing
23 that you brought out that's a little sensitive for me
24 and I want to make sure that everyone hears this.
25 There will be no repercussions for you. You spoke up
and your testimony is important and you've been only

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2 honest and frank with us. I assure you that if there
3 is any unattended consequences that you get
4 retaliated against, I want you to reach out to me and
5 the Council and I promise you that we will be there
6 for you to support you. But I don't expect any type
7 of retaliation Evan.

8 EVAN FRANCA: I appreciate that, thank you.

9 CHAIRPERSON GJONAJ: Just to put your mind at
10 ease. Thank you.

11 EVAN FRANCA: Thank you.

12 STEPHANIE JONES: Thank you. Chair Cohen, did
13 you have any follow up questions for our panelist?

14 CO-CHAIR COHEN: No, I'm good, thank you.

15 STEPHANIE JONES: Thank you. I would like to now
16 welcome Jessica Lappin[SP?] to testify. After
17 Jessica, I will be calling on Andrew Riggie and
18 Robert Bookman. Jessica?

19 MODERATOR: Time.

20 JESSICA LAPPIN: Well, hello, thank you for
21 allowing me to testify and for having this hearing.
22 I thank, like the rest of the city, the coronavirus
23 has really had a devastating impact on lower Manhattan
24 in particular. You are not down at City Hall or at
25 250 Broadway, so you probably aren't seeing for

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yourself but I can promise you that only a very small number of our essential businesses are open, have managed to stay open and provide services for the hospital workers downtown and others.

And so, well, I'll talk about a couple of the bills, the one I really wanted to focus on was Intro. 1908. Our restaurants also operate on razor thin margins and they are facing this crisis which is really a once in a generation crisis and what they keep saying to us is that even if they are serving take out and delivery, they are likely doing it at a loss. And I hear that in my own neighborhood as well where I live. They are just doing it to keep the doors open and they are trying to keep staff on payroll. And yet, they are being charged these really exorbitant fees by apps like Seamless and Grubhub.

And so, I think you know, to your questions, they have become such an integral part of the food scape in New York, that's it's hard to avoid them and yet they are charging these really outsize fees and I think in a crisis like this, they should share in some of the pain and to charge 30 percent is really unconscionable.

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And so again, while there are other things, I know you are discussing, like prohibiting the apps from charging for telephone orders that didn't occur or requiring the disclosure of commissions to customers or creating a new licensing and regulatory system. Those would all be really helpful but what we've been hearing again and again the last few weeks, is that by far and away the single most impactful thing you could do is to limit the amount that these third-party delivery apps can charge. And so, I'm urging your very swift passage of this. I can try to answer questions and I would just say proactively you know, again, to sort of follow up on the thread that was just happening.

There are restaurants that didn't used to do take out or delivery who are doing that now to survive. So, they can't hire their own delivery staff right now. So, they're dependent upon this temporary service, so they are kind of screwed that way. And also, in terms of marketing and communications, if you don't show up on those apps as being open in that neighborhood, then people don't know you exist and I think people feel very beholden for that reason as well.

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So, thank you.

STEPHANIE JONES: Thank you. Chair Gjonaj, do
you have any questions for our panelist?

CHAIRPERSON GJONAJ: None.

STEPHANIE JONES: Chair Cohen?

CO-CHAIR COHEN: No, I appreciate it, thank you.

STEPHANIE JONES: Thank you. I see Council
Member Powers has a follow up question. Council
Member Powers?

COUNCIL MEMBER POWERS: Thank you. Nice to see
you Council Member Lappin, former Council Member
Lappin I guess but still a friend, nice to see you.
I want to just reiterate, I do think that we during
this crisis for sure be asking those in many of the
platforms who are here today to be taking steps to
reduce the fees as much as possible, because we are
in an emergency crisis and we have to tangle with
some of the larger questions as we move forward here.

To your point, you mentioned that you, I was
asking questions related to you know loss of revenue
and things like that. For folks who are in downtown
Manhattan where you represent who have their doors
closed, do you know how many restaurants right now,
do you have any sort of sense of how many restaurants

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have completely closed their doors versus those who are moving to take out and delivery as the option to stay afloat?

JESSICA LAPPIN: Well, I would say have roughly 1,200 retailers all in and we're at about 25 percent that are open. So, 200 and some odd and you know again, of the ones that are open, I had a call with 30 of them last week and I mean, they had many things that could be helpful from the state, federal and city level but you know this just seemed to them, you know, it's sort of like insult to injury and they are all trying to adapt as much as they can and like Evan said, you know the principals or the owners are not taken a salary at all. They are really just trying to kind of keep their people and maintain some presence and I think also we're mindful that it will cost more to start up again and they don't want to have to incur those start up costs.

So, if they can kind of eek it out; today we announced a grant program actually at the Alliance, \$800,000 for small independently owned businesses to help them pay April or May rent, just for that reason. Like, let's just, we got to keep the doors open, we got to keep the lights on. We got to help

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those who can survive and I think this is such a
common sense easy way to help them and you know,
longer term, we can figure it all out, as Evan said.
But you know, it's nice to see like Caviar and Door
Dash being proactive. It's not in their best
interest for these restaurants to close, long term.
It's like sort of stupid for their own business
model, quite frankly.

COUNCIL MEMBER POWERS: Thanks. I hope all your
businesses are hanging in there. Thank you for that
announcement today and we are looking I think for
ways to continue to help businesses, so any guidance
you have in that with the folks you are working with
is much appreciated.

JESSICA LAPPIN: Thank you.

STEPHANIE JONES: Thank you Council Member, I see
Chair Cohen has a follow up question.

CO-CHAIR COHEN: Stephanie, could you recognize
Council Member Koslowitz, she wanted to clarify
something she said.

STEPHANIE JONES: Yes, Council Member Koslowitz.

COUNCIL MEMBER KOSLOWITZ: Thank you. I just
want to make a correction. I said there were 6,000
business, no, 6,000 restaurants and an estimated

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3,000 would close. Not businesses, we have a lot
more businesses, thousands more businesses in Queens.
Thank you.

STEPHANIE JONES: Hi Karen. Thank you so much
for your testimony Jessica.

JESSICA LAPPIN: Thank you.

STEPHANIE JONES: I would like to now welcome
Andrew Riggie[SP?] to testify. After Andrew, I will
be calling on Robert Bookman and then Amy Healy.

MODERATOR: Time.

ANDREW RIGGIE: Thank you. Good afternoon.
First, I'd like to thank the Speaker, Chair Gjonaj
and Cohen, all the members and staff for putting
today's hearing together. Listen, the restaurant
industry and nightlife industry is vital to the
economic footprint and social fabric of New York City
and our city will not recover unless this industry is
at the forefront and the core of this recovery.

And that's why we are very thankful for many of
the bills being introduced today and I have submitted
written comments for the record, but I do want to
touch on three bills in particular and then I'm happy
to answer any questions.

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These three bills we support: 1908-A, 1914 and 1932. Per-1908-A, I want to make it very clear that the third-party delivery platform situation was a crisis before we were in this crisis. Restaurants cannot afford to pay 15 to 30 percent per order to these delivery companies. And what companies like Grubhub and Seamless are doing is using sophisticated techniques to basically extract as much money as possible out of businesses pre and during this pandemic. We need to cap delivery fees at no more than 10 percent. I can answer some of the members questions earlier but there is sophisticated works at here at play. Restaurants cannot afford to not be on applications like Grubhub and Seamless when some reports say they own between 60 to 70 percent of the marketplace. They also own ownership of the customer data. So, a restaurant can say, I'm not paying these fees and I'm going to leave because then they're going to lose all of their customers. And there's a lot more at play but when government has used their authority to shut down restaurants, they must use that same authority to cap the fees both during the crisis for the long term recovery and in the future.

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On 1916, sidewalk cafés are going to be extraordinarily important for the survival of our local restaurants. Frankly, we are going to have to re-envision how we use public safe streets and public areas to support our local businesses and one thing we can do is waive these fees throughout the remainder of the year. It will bring much needed support. It will also help generate sales for these businesses which will then generate sales tax and create activity on our streets which we desperately will need to get back to a sense of whatever the new normal will be.

Finally, 1932, businesses are in crisis and they are going to lose their livelihood. They are also laying off all of their employees. It would be, it would just be absolutely tragic if now people are not only losing their businesses but then they are losing their own personal assets. We're not failing because we're not running our business properly, government has required us to shut down. We never anticipated this when we entered into these lease agreements. We cannot now take away people's personal livelihoods and their assets because they are unable to pay their rent because of the pandemic, because government is

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1 shutting us down. So, I know I'm at time and I'll
2 leave it there. As I mentioned, I did submit
3 comments but we truly, truly appreciate the Council's
4 support of our small businesses. Our restaurants are
5 bars and nightclubs. These are our small businesses,
6 the backbone of our community and we need it, not
7 only for our economy but for New Yorkers and our
8 visitors to get back to some sense of normalcy and we
9 will not do that if we are not at the core of the
10 recovery.
11

12 So, I want to thank you all again for your
13 leadership here and I'm happy to answer any
14 questions.

15 STEPHANIE JONES: Thank you Andrew. I see
16 Council Member Rivera had a question. Council Member
17 Rivera?

18 COUNCIL MEMBER RIVERA: Hi, thank you so much for
19 being here and congrats on your appointment to the
20 Governor's Board.

21 ANDREW RIGGIE: Thank you.

22 COUNCIL MEMBER RIVERA: So, thank you for what
23 you said about the bill. You know, this is not an
24 amendment to a contract, it's a temporary suspension
25 and contract law does allow for broad changes based

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on emergency situations and I think this is certainly
an emergency. We are in crisis.

So, Andrew, I wanted to ask you and thank you for
your testimony. How many of your members have been
impacted by personal liability clauses during COVID-
19, more or less? And how many do you expect to face
this?

ANDREW RIGGIE: You know, that's a good question.
I don't have the data. I can tell you thousands of
restaurant, bars and clubs throughout the city are
being impacted. The challenge is, we don't know when
we're going to be able to reopen lawfully. But then
once we can start reopening, if there will be a
reduced occupancy and then what consumer purchasing
behavior is going to be. Will we have enough sales
to sustain those businesses. So, immediately, we've
heard some stories where there's been great
relationships between the small businesses and the
landlords. But we've heard some as I think you
mentioned earlier, where there is you know, been some
threats or there hasn't been as good of
communication.

So, the longer that these closures go on and the
uncertainty of what the business environment will be

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moving forward, leads me to believe that there will
be more and more businesses or businesspeople whose
personal livelihood and assets are at risk.

So, I don't have an exact number but I have to
imagine with 25,000 eating and drinking
establishments in the five boroughs, we're talking
about numbers in the thousands since the vast
majority of them are not generating any revenue and
their unable to pay the rent.

COUNCIL MEMBER RIVERA: So, and just my second
question is, do you have any recommendations for what
owners should do now to make sure they are ready and
prepared in case a landlord attempts to follow
through on a personal liability cause? And then,
what else should the city and state be doing to
support your members?

ANDREW RIGGIE: Sure, thank you. So, you know,
one, and it's tough to say go hire a lawyer because
people don't have money. So, I know that the
Department of Small Business Services and the
Commissioner had mentioned some of the resources that
they are offering. I'd highly suggest businesses do
reach out to them. If they can speak with a lawyer,
or they can reach out to groups like the New York

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1 City Hospitality Alliance and we could try to provide
2 some general guidance, but you need to have dialogues
3 with your landlords. And like I said, there are some
4 good landlords that understand because we, as New
5 Yorkers are all in this together and there's not
6 going to be another restaurant ready to reopen if a
7 business you know, just shuts down and that's going
8 to have great consequences for the City of New York.
9

10 So, I think one is dialogue, but also make sure
11 to the best of your ability, you have legal counsel
12 guiding you through all of this and again, I
13 understand it's not easy but that's one of the
14 challenges that we're facing here.

15 As far as what can the city and state do, it is
16 going to have to be a comprehensive save restaurant
17 and save nightlife plan. We are going to have to
18 look at everything from issues like capping fees and
19 waiving sidewalk café or waiving cap and delivery
20 fees and waiving sidewalk café fees.

21 We're going to have to look at utilizing public
22 space like I said to you. We're also going to have
23 to look at a lot of other policies. Throughout time,
24 I think there's going to be some immediate needs that
25 may have to come from the federal government,

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amending the paycheck protection program which was mentioned earlier. How do we get business interruption insurance claims paid out to businesses right away. We've heard from restaurants that want to be able to add a clearly disclosed charge to menu prices in a way to help generate additional revenue to keep their doors open and to keep people employed.

So, I think again, we are going to need to look at every single angle possible and work together to get it done because there's not going to be one policy that's happening, that's going to be a you know, a save all. But certainly, many of the bills today including yours, the package of many of the delivery related bills, those would take a great step and they'd also be symbolic in showing the local business community that our elected leaders are not just saying we need to support you, but they are taking bold action to do so and doing it quickly. Because every minute we waste, we're losing more businesses and more jobs.

COUNCIL MEMBER RIVERA: Thank you and I did write a letter to the Governor specifically trying to include what I think the language should be for the business interruption clarification, which so many of

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you will not qualify for based on what stands right
now. So, thank you so much for your time and thank
you to the Chair's for the ability to ask questions.

ANDREW RIGGIE: Thank you Council Member.

STEPHANIE JONES: Thank you. I see Chair Cohen
had a follow up question.

CO-CHAIR COHEN: Thank you Stephanie. Andrew,
it's good to see you.

ANDREW RIGGIE: You too.

CO-CHAIR COHEN: I had two questions I wanted to
ask. Are you concerned at all about the impact of
the availability of credit if the Council you know,
I'm referring specifically to the Public Advocates
Resolution or Councilman Rivera's legislation. I'm
concerned that I don't want to freeze credit to these
businesses and you know if lenders can't use the
normal contracting procedure loan agreements. Are
you concerned about that at all?

ANDREW RIGGIE: You know, I think you know, there
are complexities in all of this. I do believe many
of these types of loans, not the ones that are just
being offered today but the ones that are going to be
needed for opening capital for businesses to open,
are going to have to be back from the government.

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1 These are going to be difficult choices to make but
2 if we are serious about getting businesses you know,
3 reopened, we are going to have to pass multiple
4 bills.
5

6 So, if for some reason one bill that is passed is
7 going to then prevent a business from getting a loan,
8 we need to understand why that's going to happen and
9 frankly the government may need to step in and
10 provide some sort of back stop. You know, again, I
11 think everything we do there is going to be
12 additional questions that need to be addressed but
13 these bills are critical for people again. Not to
14 lose their personal livelihood, not just their
15 professional and if the government is going to have
16 to step up in some ways to support or back these
17 other entities, then that's what needs to be done.
18 You know the situation demands it.

19 CO-CHAIR COHEN: Well, do you think it might be a
20 better approach to be offering guarantees rather than
21 sort of changing the nature of the agreements?

22 ANDREW RIGGIE: Well, I think you could suspend
23 it immediately past this legislation and then quickly
24 move to figure out how you can provide those funds or
25 that type of support. I'd imagine and that's I guess

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more of your work than mine that that may be a little
bit more complicated, longer term discussion then
immediately prohibiting you know, the enforcement of
the personal liability provisions.

CO-CHAIR COHEN: And related to the apps, I
again, I'm cautious only about changing the nature of
contractual relationships. And I guess, I don't know
if it was your testimony or someone else's that there
were problems sort of structurally with these apps in
the restaurant industry before the COVID crisis. I'm
not sure you know, it's a different constituency.
When I have a you know, an individual tenant who
comes to me and says that you know, that they are
having problems with their landlord, you see the real
strong, differential and bargaining power but you
know, you have business owners who are you know, I
think you know, not the least sophisticated members
of our society that you know, it takes a lot to open
a business in New York. How do you think we got here
in terms of how these apps got, this situation got so
destructive?

ANDREW RIGGIE: Yeah, well, good question. I'll
try to answer as quickly as possible but listen, the
world is changing and it's changing fast. Technology

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has changed the way that we interact and we make purchases. Grubhub, Seamless in particular, well Seamless was the original New York City business. Was able to capture a lot of the market share early on. They were also able to capture a lot of the corporate business where in the past, you know, an accounting firm had a house account of 12 different neighborhood restaurants where their employees could order lunch from or dinner from if they were working late and they'd have to tally them up at the end of the month.

You know, Seamless and Grubhub kind of came in and said well, we'll handle all of that and they basically lock in that business. Consumers are so used to the convenience and paying on their phone that they don't realize when they order through some of these apps, not all of them, I want to be very clear. Some of them are very good and have done the right thing. How they are harming the businesses.

So, I think part of it was certain companies were able to get in early and capture enormous amount of the market share and then use sophisticated techniques to keep diners on their apps and keep businesses on their apps by controlling the catering

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business. By purchasing add words and other sophisticated SEO techniques to ensure that any time anyone you know, visits, you know, wants to order from and is you know, bar and grill and they google it, that somehow their third-party platform is going to come up before and Andy's Bar and Grill's actual website. They have also created phone numbers for the restaurants, so when a customer thinks that hey, I'm ordering directly from my restaurant. Guess what, your not. You are ordering through the Grubhub Seamless one that's been levying bogus fees for years now and has still not appropriately dealt with it.

So, much so that we need legislation in the City Council to say, you're prohibited from charging fees for services you did not render. I mean, this is kind of crazy talk. You would never think we were having this conversation but we are.

So, you know, there's that. There is also the spending of millions of dollars on TV ads on the subways they take out ads. So, they are doing everything in their power to redirect consumer purchasing behavior so they can get a fee any way they can. And even the larger more sophisticated restaurant groups, do not have the resources or the

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bandwidth to be able to compete, especially when all of their competitors are also listed on those websites and all of a sudden, you're going to come up lower in the search results or maybe you'll just disappear.

I will tell you one last thing on that is, I've been doing this work for a long time over some really challenging issues. Everything from minimum wage to paid sick leave and all these issues where small business owners that are consumer facing would come to public hearings and speak out. And it's not always a great look but when it comes to this issue with third-party delivery platforms like Grubhub and Seamless, they are scared. They almost are being silenced as you saw earlier. The person who just spoke prior to me is concerned about retribution. I want to thank Council Member Gjonaj for recognizing and for having their back. This is a real significant issue. It's very sophisticated and again, when required to close, we need support and when we open back up, we need support. This is not only about small businesses and jobs, we're also vital to the food supply system of the City of New York and if restaurants close because they can't

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afford doing third-party delivery, then New Yorkers aren't going to be able to get their food and I think we've seen the display of philanthropy and support our local restaurants [INAUDIBLE 2:49:57-2:50:04] to providing our [INAUDIBLE 2:50:05]. So, what we are testing is these were important bills before the crisis, they are vitally important during and they will be just as much [INAUDIBLE 2:50:12].

MODERATOR: He's losing his -

ANDREW RIGGIE: Op, I'm sorry, am I here?

CO-CHAIR COHEN: Yeah, you cut out a little bit. We got the just of it. Thank you very much Andrew, thank you.

ANDREW RIGGIE: Thank you.

STEPHANIE JONES: Thank you. Chair Gjonaj had a question or some remarks to make.

CHAIRPERSON GJONAJ: Thank you Stephanie and thank you Chair Cohen. I'm getting messages that we have so many people lined up to ask questions both from the Council Members and so many that have testified that we're going to try to limit now the questions and answer portions to three minutes for members please.

Thank you.

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STEPHANIE JONES: Thank you Chair. I'd like to
invite Robert Bookman to testify next. After Robert,
I will be calling Amy Healy[SP?] and then Josh Gold.
Robert?

ROBERT BOOKMAN: Thank you.

MODERATOR: Time.

ROBERT BOOKMAN: Thank you for the opportunity to
testify today in this historic Council hearing. I
want to thank Council staff as well for putting this
together so seamlessly. I'm sure that was not an
easy job.

It's historic because this is not only the first
virtual hearing but because the small business
community, especially the Hospitality industry is in
historic trouble. I've been involved as an attorney
with small business and testifying before this
Council going back 30 plus years since my time in
City Government at the Department of Consumer
Affairs.

Never before have I seen anything like what we
are experiencing now. Not 911, not the recession in
the late 1980's, not the great recession. This is
different, this has the real makeup of an
unprecedented closing of thousands of neighborhood

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businesses forever. If we do not act at every level of government and we can see our commercial strips in every neighborhood turn into ghost towns.

That is why these bills are so important. Not just for the message that the send that this body is listening and hearing small businesses but that it is acting, and quick action is desperately needed.

Restaurants were the first to be closed and they will likely be the last to be reopened, even then we do not know what reopening will mean or look like for a long time to come. 50 percent capacity is not providable but for now, we must keep the food flowing, especially for the tens of thousands of New Yorkers that rely on delivery to eat. To do that, we must immediately rain in the monopolistic big businesses that dominate the food delivery ordering industry.

Let's be clear, all they do in New York City is transmit an order. They do not cook the food and with minor exceptions they do not deliver the food and for this they grab over 20 percent of every order. While these fees were not sustainable when the restaurant was filled with diners, it is simply an outrage now that we are empty. This is why other

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city's like San Francisco, Seattle, Chicago and LA have either already instituted fee caps on these companies, some as low as five percent or actively pursuing it like you are.

Restaurants will not and cannot with this vital public service if these fees remain in effect. Food delivery will simply dry up, forcing elderly and sick New Yorkers to wait in long lines to get food. And New Yorkers have the right to know if these charges, which the platform contract are forced to be hidden from them. Pass these package of bills immediately.

Then there are the personal guarantees on commercial leases. Nothing is keeping small business owners awake at night more than this, what we are calling the industry good guy guarantees. Typically, leases require that the business owner personally guaranteed the rent as long as the business is in possession of the premises.

It is designed properly to prevent someone from operating while not paying the rent. But no one ever contemplated this situation where we are technically in possession but the government says we cannot operate or only minimally operate. For a landlord under these circumstances to file civil action

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against the small business owners personal assets,
their life savings, their house is simply
unconscionable and cannot be allowed to happen.

MODERATOR: Time.

ROBERT BOOKMAN: May rent is coming due and
business owners are deciding, should they give the
keys back and permanently go out of business or risk
another month of personal liability. You must act
now.

In wrapping up, finally, a simple bill in
relation to sidewalk café fees. Thousands of
restaurants owe the city rental fees for sidewalk
café space that they cannot legally use. It is only
fair that these fees, some of which were paid already
be waived for 2020. Unlike what the Commissioner
said, where there is 70 categories, this is
different. In this category, it's not just a license
fee, the city is the landlord. And if we're asking
private landlords to step up, the city needs to step
up as the landlord of this commercial space and say,
we are forgiving rent on our commercial space for
2020.

As Andrew said, small businesses are not just the
live blood of our neighborhoods, they are not just

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employers, their not just the reason why companies
come to New York to do business, they are also why
artists of all types can make a living here while
pursuing their art, their music, their acting and
their writing. There is no recovery for New York
City without our restaurants and our small
businesses.

Thank you. I'm happy to answer any questions.

STEPHANIE JONES: Thank you for your testimony
Robert. Next up, we will be calling Amy Healy, then
Josh Golds and then Max Rettig. Amy? Thank you,
Robert.

AMY HEALY: Thank you. Dear Chairman Gjonaj,
Chairman Cohen and members of the Committee's. I'm
here today to express Grubhub's strong opposition to
the proposed caps on fees paid by restaurants for
marketing and delivery services.

Any cap on fees, regardless of the duration will
result in damaging unintended consequences as we are
already seeing for locally owned businesses, delivery
workers, diners and the local economy. In fact, it
will result in the exact opposite of what the
legislation is designed to accomplish. And we
believe that any cap on fees, nullifying contracts

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between two businesses represents an overstep by
local officials and will not withstand a legal
challenge.

On the face of it, a cap on fees seems to be an
easy solution to help restaurants that are struggling
due to the coronavirus and there is nothing we want
more than to assure the health of independent
restaurants. As many have said, we don't have a
business without them, but this solution is exactly
the wrong thing to do. In reality, this proposed cap
will lower order volume to locally owned restaurants,
increase costs and headaches for small business
owners and raise costs to consumers.

Delivery workers who are currently relying on
Grubhub to earn an income including 100 percent of
tips from diners would have fewer work opportunities
and lower earnings. In the middle of what is quickly
becoming one of the worst economic downturns in a
century, Grubhub is ensuring that workers in New York
City can continue to provide for themselves and their
families. Grubhub is neither a public utility or nor
simply a delivery service. In the simplest of terms,
Grubhub is a marketing engine and an order generation

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business connecting diners to great local
restaurants.

The platform is free for any restaurant owner who
chooses to join and Grubhub offers a fee for service
model meaning that restaurant owners select the
services they want and only pay Grubhub when we
generate a sale. Restaurants have many options to
dry businesses other than third-party marketplaces,
none of which are seeing their fees regulated. The
arbitrary cap would limit how restaurants and
especially small ones can market themselves and
therefore limit how many customers and orders we can
bring to these restaurants. Why not cap how much
other marketing platforms can charge these
restaurants? Why not cap Google or Facebook ads,
Yellow Pages, newspaper, radio, billboards? These
are all marketing options that restaurants have.
Restaurants should make their own decisions for where
they want to market and how much they want to spend
on those channels but they and you cannot expect
Grubhub and others to operate at a loss.

The cap would raise costs on restaurants by
blocking them from taking advantage of Grubhub's
economies of scale. As a restaurant said earlier, a

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local restaurant may not have the order volume to
hire a full time delivery person. Grubhub
identifies, verifies, conducts background checks,
coordinates delivery teams, operates 24/7 customer
care on behalf of their restaurant.

MODERATOR: Time expired.

AMY HEALY: I'm happy to take any questions.

STEPHANIE JONES: Thank you Amy. We have a
question from Chair Gjonaj and then we'll be calling
on Chair Cohen. Chair Gjonaj?

CHAIRPERSON GJONAJ: I'm going to ask for Ms.
Healy to finish her statement if it's okay, because
this is such an important issue. I don't know how
much more she has. Ms. Healy?

AMY HEALY: Not much. While the largest of
national chains can afford these types of expenses,
small and independent restaurants cannot, even in the
best of times. They may shut their doors or shift
additional costs onto consumers making them even less
competitive against other national chain businesses.

There is a popular and completely false believe
that third-party marketing services would still make
a profit, let alone significant profits with their
proposed fee caps. It is not true and these caps may

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force us to exit certain markets or suffer
substantial losses that threaten the sustainability
of our businesses.

Of course, all this is happening at the worst
possible time for customers across your city
including homebound families and seniors that are
dependent on food delivery and Grubhub has provided
with partners tens of thousands of meals to seniors,
to frontline workers and others in New York City. We
are committed to working with you and with policy
makers because we do share a common goal, to create
and maintain a growing, thriving local restaurant
community. We only do well when they do well.

Thank you.

CHAIRPERSON GJONAJ: Thank you Ms. Healy. I'm
going to call on Council Member Moya.

STEPHANIE JONES: I believe Chair that Chair
Cohen also had some questions.

CO-CHAIR COHEN: I'm happy to defer to Council
Member Moya and go after that, that's fine.

STEPHANIE JONES: Thank you.

COUNCIL MEMBER MOYA: Thank you.

MODERATOR: Clock starting.

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3 COUNCIL MEMBER MOYA: Yeah, thank you so much.
4 Thank you Chair. A quick question. Just given that
5 you deferred fee payments for independent
6 restaurants, what's your plan for collecting these
7 fees and is there a timeline that they will be due or
8 will they be due all at once or will these
9 restaurants be able to pay them off over time or be
10 able to request forgiveness?

11 AMY HEALY: Thank you. We deferred fees, which
12 essentially was an interest free loan right at the
13 beginning of this pandemic and we're still working on
14 payback options. We don't have hard and fast payment
15 options, we're being flexible.

16 So, I can't tell you that there's a date certain
17 because we haven't established one.

18 COUNCIL MEMBER MOYA: So, well, what will you do
19 for restaurants unable to pay back their fees after
20 this pandemic is over?

21 AMY HEALY: Well we knew taking that risk of
22 deferring fees that there would be some restaurants
23 that would not be able to pay them back and we were
24 willing to take that risk on.

25 COUNCIL MEMBER MOYA: So, really quickly because
I know I don't have that much time, what is the

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lowest percentage and the highest percentage that
you've charged restaurants for listing advertising
fees because like, we'd like to have a sense of the
full range that you've been able to charge.

AMY HEALY: Sure, and given we have competitors
on the line, you know, I'm sensitive to you know
putting out our pricing in this form.

COUNCIL MEMBER MOYA: Well, that's my question to
all of them, so.

AMY HEALY: Yeah, our average, 10 percent per
delivery and we don't charge to be on our platform.
There's no annual fee, no sign up fee. We provide
the tablets and all of the onboarding for free and
then my understanding is an average commission rate
is at 15 percent.

COUNCIL MEMBER MOYA: Okay, thank you very much.

STEPHANIE JONES: Thank you. Chair Cohen?

CO-CHAIR COHEN: Thank you very much. Thank you
for your testimony. You know, I guess, I'm just
wondering what percentage, do you have any sense of
what percentage of the market in New York City
Grubhub has penetrated?

AMY HEALY: I should have started my comments
that I started Grubhub three months ago, so if I

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1 don't have answers to your questions today, I
2 certainly will get them. I believe we are the
3 largest player in the market in New York, especially
4 with our acquisition of seamless.
5

6 CO-CHAIR COHEN: I mean, I think that there's a
7 feeling from restaurants that there's like a monopoly
8 problem; that you have such tremendous unequal
9 bargaining power between the restaurant and you that
10 you, you know you control the customer and the
11 restaurant needs you. That there's really a you
12 know, a monopoly problem or an antitrust problem
13 here.

14 AMY HEALY: You know, we believe that consumers
15 love the service that we provide. You know, we have,
16 the way the consumers want to buy services. They
17 don't want to read their credit card number into a
18 crowded restaurant lobby. I had a credit card
19 written on a to go bag the other day with my name,
20 address and credit card number. That's not a great
21 customer experience and we know that. People like
22 that their information is secure. That their
23 favorite restaurants are saved in one place. It's
24 convenient, anyone in their family can log in.
25

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1 So, consumers are demanding this type of
2
3 experience when they order today and that's a
4 fundamental shift as somebody said in the economy.
5 That's just how people want to order especially New
6 Yorkers. Young New Yorkers want everything at their
7 fingertips in a secure, easy way. And so, the diners
8 were demanding services like this and it's a very
9 competitive space. I've got you know friends of mine
10 that are going to talk after me and we're always you
11 know, competing against each other.

12 CO-CHAIR COHEN: Well, I guess that's really the
13 issue that I think is most germane here. Is it
14 really competitive? Does Grubhub control such a
15 large portion of the app market that it's not as
16 competitive as it needs to be in New York and that
17 would be I think a good justification for City
18 government to step in. If the market is broken,
19 that's an opportunity for – and I am believe me,
20 cautious and reserved in interfering in marketplace
21 transactions and particularly commercial
22 transactions. But if this market is broken, that's a
23 deep concern to me.

24 AMY HEALY: Chairman, I think you'll see media
25 reports that say that other companies have surpassed

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2 Grubhub, so you know, I challenge that that you know,
3 Grubhub is a monopoly.

4 CO-CHAIR COHEN: Thank you Chair.

5 STEPHANIE JONES: Thank you. I see Council
6 Member Powers has a question. Council Member Powers?

7 COUNCIL MEMBER POWERS: Thank you. After this,
8 I'm going to stop talking so much.

9 MODERATOR: Clock starting.

10 COUNCIL MEMBER POWERS: But thank you for more
11 time. I just wanted to ask a question. I think the
12 comment here was that by lowering the fees, it would
13 or capping fees rather, it would lower restaurant
14 orders. Which seems to be counter to what many of us
15 would think or believe when you talk about lowering
16 prices and increasing the ability for people to
17 afford it and then to order it. Can you explain that
18 to me?

19 AMY HEALY: Sure, if you cap our fees, price
20 controls lead to shortages. So, if our prices are
21 fixed, then other parts of the business are going to
22 be squeezed. So, there may not be as much marketing
23 available to that restaurant. We drive orders, you
24 know, somebody said you know we're simply a pass
25 through. You know, we provide a lot of services to

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showcase a restaurant and if our ability to do that
is limited then you know, we might have to make
business decisions that are going to reduce service.

I mean, if you increase prices, somethings got to
give.

COUNCIL MEMBER POWERS: Meaning, you're saying
like in a sense that you'll have to change your model
here as a company to be able to help deliver services
to restaurants, is that your point?

AMY HEALY: I'm saying if our costs are
increased, we will have to make business decisions
about how to be sustainable, yes.

COUNCIL MEMBER POWERS: Okay, I understand that.
And then can I just, I asked, I might have missed a
piece of your testimony but have you made adjustments
during COVID-19 to help the restaurants here in New
York City who are obviously closed. I mean, we had
to close them as a public health issue. What has
Seamless and Grubhub done in terms of addressing fees
or helping their customers?

AMY HEALY: Right, we're doing a multitude of
things. We've again deferred fees right at the
beginning which was again an interest free loan. We
have a separate support, \$30 million of cash that

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we're just giving to restaurants that chose to participate in that program. Our marketing team is constantly working on other promotions to drive orders to small businesses. And the \$30 million is get free \$10 on any order over \$30, so that drives 100 million in sales. And again, we've got marketing support going out for these restaurants all the time.

COUNCIL MEMBER POWERS: Okay, I just, you know, I think that crisis is called for intervention. I know that's the part of the intention here from my colleagues here is to intervene at a moment where an industry has been shut down because of public health, not because of bad business decisions or anything like that and I think that's the request here is to ask a major player here.

I know you've been here for three months. I'm not going to ask you to be the spokesperson for the company but certainly to be able to share the burden here and I know that's painful for our company and it's public traded upon company in general but it does, even when you talk to the restaurant owners here in New York City, this is the only way they can make their money right now and it does feel like, it is a moment that calls for an intervention.

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3 MODERATOR: Time expired.

4 COUNCIL MEMBER POWERS: You don't have to respond
5 to that. I'll leave it at that.

6 Thanks.

7 STEPHANIE JONES: Thank you Council Member. I
8 believe we have a follow up question from Chair
9 Gjonaj and then Council Member Brannan. Chair?

10 CHAIRPERSON GJONAJ: Thank you Stephanie and Amy,
11 just to answer your question, according to the
12 information I have, you have 62 percent of all third-
13 party food order apps in the entire city of New York,
14 62 percent of the entire market.

15 The other food order apps share in the 38
16 percent.

17 AMY HEALY: Okay, thank you.

18 CHAIRPERSON GJONAJ: Your welcome. In addition,
19 can you tell me about the deferral program, the
20 duration. I believe it was for only two weeks, am I
21 correct?

22 AMY HEALY: I believe it was about two weeks,
23 yes.

24 CHAIRPERSON GJONAJ: So, you sought to help these
25 small businesses, these restaurants deal with this
COVID crisis by allowing a two week deferral.

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3 AMY HEALY: That was the first step Chairman. We
4 knew that access to capital in cash was hugely
5 important. The federal government was coming through
6 with unfortunately you know disappointing response at
7 this level which we have encouraged congressional
8 leaders in the White House to do more and after that,
9 we've shifted to other programs to drive revenue, to
10 drive orders to our restaurants.

11 CHAIRPERSON GJONAJ: So, I think your two week
12 period is up now?

13 AMY HEALY: Yes, but I don't believe we've
14 started, again, there's no hard collection date.
15 We're not taking any type of retaliatory measures
16 toward restaurants.

17 CHAIRPERSON GJONAJ: It's not retaliation, I'm
18 just asking, have they started paying back that
19 deferral? Have you started collecting on the two
20 week deferral?

21 AMY HEALY: I just pinned somebody to ask that
22 question, hopefully I can get back to you to
23 understand where we are in the collection.

24 CHAIRPERSON GJONAJ: And the second thing you
25 mentioned is this \$10 off on orders. Can you
elaborate a little bit about that?

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3 AMY HEALY: Sure, it's \$10 to the restaurant, so
4 that if somebody, to encourage a large order, so if a
5 customer will buy a \$30 order, we'll give the
6 restaurant \$10 to increase the size of that order
7 because bigger orders is better for the restaurant.
8 So, that's a \$30 million cash injection for the
9 restaurants, the \$10 drives the \$30 order. So, its
called Supper for Support.

10 CHAIRPERSON GJONAJ: So, the marketing ranges for
11 those that participate in the marketing services part
12 that you offer, they range from what to what on a low
13 level to a high level.

14 AMY HEALY: I think our average is about 30
15 percent and they range from a low of 15, no fee or
16 cost at all to get onto our platform or to onboard.
17 And then of course restaurants can pay more.

18 CHAIRPERSON GJONAJ: Right, that's what I'm
19 asking. The fee structure that you have for
20 marketing, not the delivery, not the 3 percent credit
21 card fee, just the marketing.

22 AMY HEALY: How high does it go, the range?

23 CHAIRPERSON GJONAJ: Yeah, from low to high.

24 AMY HEALY: 15, I don't know the highest that a
25 restaurant has chosen to pay but I believe it starts

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1 around 15 and averages around 30. Excuse me,
2 averages around 15 and goes up to 30. I don't know
3 if there's a few restaurants that have maxed out at
4 something higher than that and I did just get a note
5 that we have not started recollection of those
6 deferral payments that we deferred in March.

8 CHAIRPERSON GJONAJ: So, I'm going to ask another
9 question. We heard earlier and this is the what I've
10 heard time and time again from all restaurants, that
11 in good times they do not make more on a high level
12 than 12 percent return. But if they're paying 15,
13 that means to you, for your services, that means each
14 sale is yielding a net loss. Unless my math is
15 completely off and I did pretty well in math. I'm
16 not understanding this.

17 AMY HEALY: I don't understand either because to
18 me profit means after all costs are accounted for.
19 So, if restaurants are saying they have profit of X,
20 why is that then this particular cost is being added
21 on top of that versus rent or another cost? So, I
22 don't understand either. Why would a restaurant
23 choose to use our service outside of an emergency
24 situation if it was not helpful to their business?

25

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3 CHAIRPERSON GJONAJ: I'm glad you said that.
4 Because this is an emergency situation. There is no
5 way you can get an order today unless you use a
6 third-party food order app.

7 AMY HEALY: No, you can call a restaurant
8 directly.

9 CHAIRPERSON GJONAJ: I'm sorry?

10 AMY HEALY: You can call a restaurant directly.
11 That restaurant can choose to pay for their own
12 deliver service which we heard is expensive or
13 somebody can pick it up.

14 CHAIRPERSON GJONAJ: That's why I took the
15 delivery portion out of it. I'm not referring to the
16 delivery portion. I'm referring to the marketing
17 only. Your advertising and marketing capabilities
18 and the percentage that you charge. You are saying
19 an average of 15 percent but it goes much higher. I
20 still don't know why we don't know that number, where
21 it should be a hard and fast number. It starts at X
22 and can go as high as Y, but I'll leave it at that.

23 We've heard time and time again; they do not make
24 15 percent. Before third-party food order apps came
25 into the arena and have become the norm now.
Consumer behavior demands it and also, I can show you

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that if we Google any restaurant, the third-party food order apps come up before the individual restaurants own website. In essence, you're controlling or directing the market and the availability.

I wouldn't know, if I'm looking for pizza, Grubhub and third-party food order apps will come up before the actual restaurants website. So, when you say, why would they use -

AMY HEALY: I just Googled my favorite pizza place in my town and it came up. A Google map came up and then the restaurant website came up. So, I don't think that's the case everywhere.

CHAIRPERSON GJONAJ: Not everywhere but is that person a user of your service? That pizzeria, are they taking -

AMY HEALY: They are. It's Fiamma Wood Fire Pizza in Westfield New Jersey, I'll give them a plug, they are fantastic.

CHAIRPERSON GJONAJ: So, we have much more to talk about then, but time and time again, but time and time again, I hear each transaction is a net loss based on these percentages.

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3 AMY HEALY: Chairman Gjonaj, I don't know why,
4 when I hear profit and you've said this, you and I
5 have talked about this many times and you say, if the
6 profit is X and we're more than X, then they lose.
7 To me profit is after all costs are incorporated.
8 So, they have a cost, whether its rent, city fees and
9 taxes, you know labor, all of the other fees that
10 they have including advertising and marketing and
11 then they have a profit. So, I don't know why we're
12 singled out to be layered on top of that, so.

13 CHAIRPERSON GJONAJ: It's not you, it's the
14 entire industry.

15 AMY HEALY: No, and that's what I mean. Like,
16 specifically that part of their marketing fees. You
17 know maybe it's rent that causes them to lose. We
18 hear time and time again from our small business
19 restaurants that one of their biggest challenges in
20 operating New York City is New York City. And there
21 is a lot of issues they have with how they feel that
22 they are being treated and the regulations and the
23 high rents and all of the issues again, that you and
24 I have talked about before.

25 These are smart businesspeople; we design
marketing programs with them. We don't mandate what

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they do. We have menu of services and they choose what they believe is good for their business.

CHAIRPERSON GJONAJ: So, earlier we heard a restaurant owner reveal his business model and what this means to him, where prior he was doing 20 percent with third-party food order apps. Now it's 80 percent of his business. 80 percent paying the commission rate that he referred to as from 25 to 29 percent or 30 percent has yielded a net loss on his transactions. How do you respond to that restaurant owner? And by the way, many have shared the same sentiment.

So, either I'm getting misinformation or you're not in touch with what the bottom line is for these restaurants. I have yet to hear from someone to say, third-party food order apps are giving me a greater return, not more business because right now, you can't do without them and it's an instant death if you don't work with third-party food order apps and it's a slow death if you are working with them. I have yet anyone to show me that their profits have increased. Not the amount of traffic that yielded in sales, but their profits and right now there is no in house dining. That is shut down across the board.

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2 So, they could only do pickup or delivery and there
3 is no option.

4 AMY HEALY: I mean, we have restaurants that you
5 can call and have delivery. You can call, you don't
6 need to go through a platform for all of these
7 instances. We know that some restaurants who have
8 never used our platforms before, after COVID are
9 experiencing order volume through us that they didn't
10 have before. Absolutely, and any restaurant can call
11 their account advisor at any time and renegotiate and
12 pay for a different package of services.

13 CHAIRPERSON GJONAJ: Thank you. Stephanie, I
14 think other Council Members have questions.

15 STEPHANIE JONES: Yes, thank you Chair. Council
16 Member Brannan. Thank you.

17 MODERATOR: Clock starting.

18 COUNCIL MEMBER BRANNAN: Thank you. Amy, you
19 testified that you feel that this is government
20 overreach and you also testified that you want
21 restaurants to do well.

22 So, why not voluntarily give us this cap so we
23 don't have to overreach?

24

25

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1
2 AMY HEALY: We are considering all kinds of
3 pricing models Council Member. And can you be more
4 specific, gap at 10 percent voluntarily?

5 COUNCIL MEMBER BRANNAN: For an emergency for
6 COVID, yeah.

7 AMY HEALY: Well, I'm happy to go talk to our
8 competitors. I don't know if this is the right forum
9 to all agree on pricing.

10 COUNCIL MEMBER BRANNAN: Alright, I mean, because
11 you're saying a lot of this stuff would force you to
12 operate at a loss but you don't seem to care that
13 you're forcing restaurants to operate at a loss.

14 AMY HEALY: That's not true. Of course, we care.
15 You know, we are a publicly traded company with
16 shareholders. We just announced that our earnings
17 for the quarter or for the rest of the year I think,
18 it's a public document, would be managed down, so
19 that we could inject those -

20 COUNCIL MEMBER BRANNAN: What is managed down?

21 AMY HEALY: It means we're not going to take -

22 COUNCIL MEMBER BRANNAN: Is Grubhub right now
23 doing better than ever? Are profits up?

24 AMY HEALY: I don't believe so. Again, I'm not
25 in our finance, I don't want to say. We're a

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3 publicly traded company, I don't want to say
4 something that's not right.

5 COUNCIL MEMBER BRANNAN: I mean are orders up? I
6 assume orders are up.

7 AMY HEALY: It some areas, yes, yes.

8 COUNCIL MEMBER BRANNAN: Then I assume
9 restaurants aren't making the profit, so you are.

10 AMY HEALY: So many restaurants, so many people
11 in New York have left. So, that's had a dramatic -

12 COUNCIL MEMBER BRANNAN: What do you mean have
13 left?

14 AMY HEALY: Consumers, a lot of consumers have
15 gone out of New York City to stay with relatives and
16 places outside of the city, so that's had a big
17 impact on the amount of orders in New York City.

18 COUNCIL MEMBER BRANNAN: So, you can't tell me
19 for sure if sales and orders are up?

20 AMY HEALY: In some areas, they absolutely are
21 up, yes. In other areas they are not due to you
22 know, circumstances such as New York City.

23 COUNCIL MEMBER BRANNAN: You're saying right now
24 in New York City, Grubhub's profits and orders are
25 not up?

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3 AMY HEALY: I can't tell you about our profits,
4 specific to New York City, I believe due to the fact
5 that so many customers are down, have left, that
6 we're not doing as well in New York City.

7 COUNCIL MEMBER BRANNAN: Where are you getting
8 data that people have left?

9 AMY HEALY: Due to our order volume that we're
10 watching.

11 COUNCIL MEMBER BRANNAN: So, then you're saying
12 it's down.

13 AMY HEALY: I believe it's down in New York City,
14 but I'm just being told we're in a quiet period and I
15 should not be talking about our profits right now.

16 COUNCIL MEMBER BRANNAN: But that's - all I'm
17 hearing, I'm hearing profits and shareholders. I'm
18 not hearing empathy with restaurants that are
19 struggling.

20 AMY HEALY: Sorry, you asked me about profits. I
21 did not bring that up of course.

22 MODERATOR: Times expired.

23 AMY HEALY: I didn't bring that up.

24 COUNCIL MEMBER BRANNAN: I guess, I understand
25 your concern with government overreach and frankly so
am I, but if given that restaurants are forced by

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3 government action to limit operations to delivery and
4 take out only, why should they be forced to operate
5 at a loss just so you don't have to operate at a
6 loss?

7 AMY HEALY: I'm just, I'm getting information
8 from folks to help out and have guided to no profit
9 for the rest of the year. So, that's what we're
10 saying and we said that publicly. So, that anything
11 we make can go back into supporting local
12 restaurants.

13 COUNCIL MEMBER BRANNAN: So, could that be done
14 then through a cap?

15 AMY HEALY: We don't believe in price fixing
16 Council Member. We believe in using those dollars to
17 reinvest in restaurants to provide support in the
18 ways that we think will drive more order volume and
19 help restaurants. And if prices are fixed, service
20 is going to suffer. We've seen it in other cities
21 where this has happened.

22 COUNCIL MEMBER BRANNAN: Okay, thank you.

23 STEPHANIE JONES: Okay, thank you Amy. Before we
24 move on, I want to remind everybody that you may
25 submit written testimony as well by emailing

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testimony@council.nyc.gov or by visiting the
Council's website.

Next, I'll be calling up Josh Gold followed by
Max Rettig and then Vikrum Dave Aiyer. Josh Gold?

MODERATOR: Time starting now.

JOSH GOLD: Thank you. Thank you, Council
Members. Uber appreciates the opportunity to testify
and appreciate the work the staff has done to set up
virtual hearings. We've submitted some written
testimony that's more inclusive and I'm going to
focus on one particular piece of legislation in my
verbal testimony.

We are generally supportive of 1846, 95, 98, 1907
and 1921. However, we have substantial concern with
1908 and that's where I wanted to focus my testimony
today. Furthermore, I wanted to focus specifically
on the permanent portions of the proposal before the
Committee.

During New York's pause order, it is clear that
all of us have to make shared sacrifices to protect
our local economies, frontline workers and small
business owners. Uber recently announced that we'll
be donating 10 million free meals and rides globally.
In New York, that effort has included over 40,000

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3 free meals to first responders and others in need and
4 free deliveries for local food banks. We've also
5 dropped all fees on pickup orders for restaurants,
6 allow daily cash withdrawals at no charge and have
7 undertaken an extensive marketing push to drive
8 orders to small businesses.

9 Over the last couple of months, much of the
10 growth in orders is coming from the outer boroughs in
11 northern Manhattan. For example, we've seen a 61
12 percent increase in orders in Southeast Queens and a
13 35 percent increase in the South Bronx. This is
14 compared to the west village in the upper eastside
15 who kept seeing declines in orders.

16 One of the reasons why we have been able to grow
17 our business successfully in New York is because we
18 value our restaurant owners. We are committed to
19 having no hidden fees for the restaurants. We don't
20 charge for credit card processing and we don't charge
21 higher rates for lead generation. Our model is
22 straight forward and transparent. Restaurants can
23 chose to pay a 15 percent fee and use their own
24 delivery workers or pay a 31st cent fee to use Uber
25 eats delivery people.

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Currently, we charge zero percent per pickup orders. We do not charge any other fees to restaurants. Restaurants can also choose to alternate between these options. For example, if restaurants are using their own delivery staff and then it gets too busy, they can decide to tap into our delivery network at the touch of a button. Many choose to have Uber Eats facilitate the delivery for them because it means not having to pay upfront for a delivery worker all day to wait for orders to come in. They can choose to pay a bit more for the individual order to have Uber Eats facilitate the delivery.

With Uber Eats, they only have to pay for delivery logistics when an order come in. As drafted, the permanent provisions of the legislation industry third-party marketplaces that only list menus and process orders the same as those that provide those services but also facilitate delivery. The difference is important because while to consumers, they may all appear to be similar; they offer different services to restaurants.

Companies that only provide restaurants with listing and order processing should not be treated

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3 the same as platforms that bundle those services with
4 facilitating delivery. Delivery platforms provide
5 much more than just access to customers. They manage
6 the fulfillment of the orders for the restaurants by
7 providing and handling all logistics and payments to
8 the delivery people.

9 Restaurants that choose to use platforms only to
10 list their menus and accept orders through a
11 marketplace, are spending more money to pay their own
12 inhouse delivery people. Alternatively, they are
13 spending money to list with one platform.

14 MODERATOR: Time expired.

15 JOSH GOLD: And deliver with another platform
16 like Relay. A possible consequence of a permanent 10
17 percent condition cap is bifurcation of these
18 services. Restaurants will have to contract with one
19 platform for listing services and if they are unable
20 to pay a delivery person or don't want to manage the
21 complex operations and logistics of delivery, they
22 will contract with another entity to facilitate
23 delivery.

24 This isn't a hypothetical, the seamless style
25 listing only model has existed in New York City for
decades and companies like Relay currently provide

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delivery services to many restaurants in New York
City who choose only to list on platforms.

Finally, as drafted, the legislation also treats
large chains and virtual restaurants that don't have
the same overhead as restaurants with a large amount
of real estate, the same as small mom and pops and
I'd urge the Committee to reconsider that.

Thank you for your time and I look forward to
answering any questions.

STEPHANIE JONES: Thank you. I see Council
Member Moya has a question.

COUNCIL MEMBER MOYA: Yes, thank you.

MODERATOR: Start time now.

COUNCIL MEMBER MOYA: Thank you Josh. How many
employees, not independent contractors does Uber Eats
have in New York City?

JOSH GOLD: I'm not entirely sure how many are
Uber Eats but it's a few hundred. We have 27,000
employees nationally or globally.

COUNCIL MEMBER MOYA: Can you get that
information?

JOSH GOLD: Yes, it's in the, I think it's in the
neighborhood of 200 to 300, but I'll get back to you.

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3 COUNCIL MEMBER MOYA: Okay, and just can you just
4 breakdown the fee structure that you have?

5 JOSH GOLD: Yeah, it's zero percent for pickup,
6 it's 15 percent for listing and it's 30 percent for
7 delivery. There are no hidden charges, there's no
8 processing fees, there's no telephone charges,
9 there's no processing fees, there's no telephone
10 charges, there's website charges that's it.

11 COUNCIL MEMBER MOYA: And do you charge
12 exclusivity like delivery fees or do you charge
13 commission on the orders as well?

14 JOSH GOLD: We charge consumers as well, is that
15 what you're saying?

16 COUNCIL MEMBER MOYA: Do you charge commission on
17 your orders?

18 JOSH GOLD: Yes, we charge either zero percent
19 for a pickup order, 15 percent at the restaurants
20 doing the delivery or 30 percent of we're doing or
21 for us facilitating the delivery.

22 COUNCIL MEMBER MOYA: Got it, okay, thank you.

23 STEPHANIE JONES: Thank you. Council Member
24 Powers?

25 COUNCIL MEMBER POWERS: Hi, it's nice to see you.
I hope you are doing well. Just a very quick

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question. You said something at the very end, which was about mom and pops versus virtual restaurants, I think of them being treated differently. Can you just explain that point to me?

JOSH GOLD: Sure, so, the as drafted, if you're a McDonalds or a Starbucks or if you're the Corner Slice Place, you get the same benefit for the 10 percent cap, even though presumably a McDonalds or a larger cooperation, even though they have franchises are striking national deals.

And so, you know, New York has singled out small business owners and you know, as I said on the top, I think we need to do a lot to figure out how to protect our small businesses that are the life light of our city during this time. But I'm not sure larger corporations see that same level of protection from government.

And then there are also virtual restaurants that Council Member Chair Gjonaj has talked about in the past that don't necessarily have extensive real estate costs because they are only paying for a kitchen. And they may not have the same sort of financial issues that a restaurant that relies on

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3 dine in during non-COVID times has at this moment and
4 time.

5 COUNCIL MEMBER POWERS: Okay, thanks. And, you
6 know, I'll leave it at that because I've talked too
7 much during this hearing. Thank you. Thanks Josh,
8 thanks for the time.

9 STEPHANIE JONES: Thank you Council Member.
10 Chair Cohen?

11 CO-CHAIR COHEN: Josh, good to see you. I just
12 want to clarify one point. If I go onto Uber Eats
13 and I place an order for pickup, you make no money at
14 all?

15 JOSH GOLD: Yes, that is how it is right now.
16 That is one of the steps we took during the pandemic.

17 CO-CHAIR COHEN: So, that's not the normal
18 practice?

19 JOSH GOLD: We pay credit card processing fees
20 but we don't make any money right now. I don't
21 believe it's been - I'm not sure if it's the normal
22 process or not. I'll get back to you on that but
23 we're still paying you know, visa or master card for
24 the credit card processing on that order.

25 CO-CHAIR COHEN: And you're not passing that cost
through even?

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JOSH GOLD: No.

CO-CHAIR COHEN: Okay, thank you very much.

STEPHANIE JONES: Thank you Chair. I see Council
Member Chin has a follow up question.

MODERATOR: Time starts now.

COUNCIL MEMBER CHIN: Yes, thank you. Hi Josh.

I wanted to ask you a question about the delivery
worker that works for Uber Eats, because you were
saying that you employ about 200 to 300. So, are
they salary based and also, do they get 100 percent
of the tips they get? Because right now, during this
crisis, customers are being very generous. So, I
wanted to make sure that all the tip money you know,
goes to the worker and how much you know, do they get
paid per day or per hour?

JOSH GOLD: Certainly. So, when I was responding
to Council Member Moya, I was talking about the
salary staff, our Eats engineering team is actually
based in New York City. In term of the independent
contractor delivery workers, there are thousands and
I can come back to you with the exact number although
we have seen since COVID, a massive spike in the
amount of people that have signed up to deliver on
the platform and, you know, I also said on the top

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very quickly that we support I believe it's 1846
which is Council Member Torre's bill. Which would
make it clear what portion of the tip goes to
delivery workers. 100 percent of the tip goes to
delivery workers, the tip on Uber Eats does not
change the base pay. We aren't subsidizing the base
pay with the tip. The tip goes entirely to the
worker and does not impact other pay per service.

COUNCIL MEMBER CHIN: Yeah, so if you could get
back to us in terms of what the base pay is for the
delivery worker, that would be good. And the other
thing is, do you charge a fee, a delivery fee to the
customer? Because some of the other app based, if
you order some restaurant that's further away, you
have to pay a bigger service fee or whatever.
There's an extra charge.

JOSH GOLD: We do during this period of time.
We, since the pause order, we have waived that to try
to for small and medium businesses to try to
encourage more consumers to use small and medium
businesses and drive orders to those businesses but
we do charge a fee to consumers. You know, I could
break down the fees but if you're looking at a \$20
order and the commission on the order isn't going to

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cover on its own the amount of money that has to be paid to a delivery worker to make sure that that wage is appropriate for the work that they're doing.

And so, there is an additional delivery fee on top that's charged to the consumer.

COUNCIL MEMBER CHIN: Okay, alright thank you. Thank you Chairs.

STEPHANIE JONES: Thank you Council Member. Next, I'll be calling on Max Rettig then Vikrum Dave Aiyer and then Liza Soren. Max Rettig?

MODERATOR: Time will start now.

MAX RETTIG: Cheers Committee Members, thank you very much for inviting me to testify today. My name is Max Rettig and I'm the Global Head of Public Policy at Door Dash which also includes the Caviar brand.

My hope is that my testimony today will shed light on who Door Dash is, how we operate and the services that we make available to New Yorkers.

Our CEO and Cofounder, his name is Tony Xu. He's seen firsthand the challenges that restaurants face. He grew up washing dishes along side his mom, working in a Chinese restaurant. And that experience led him to start our company with the mission of helping

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small businesses and offering flexible work
opportunities with stronger names to those who need
it.

Our operations and our approach are somewhat
unique. While technology in marketing to help
restaurants reach new customers is certainly an
important component of the services that we offer,
really the core of our platform is logistics. It's
connecting customers, restaurants and couriers
through our website and mobile application. It's
things happening in the real world. It's an actual
delivery.

Our platform enables restaurants to reach
customers online and offer delivery. Something that
most of our restaurant partners have never been able
to do before. And restaurants can also tap into our
delivery network to deliver orders to customers who
place that order directly with the restaurant,
whether that's on the phone or online.

You know, I think we have to recognize that this
hearing is occurring during a time of acute stress
for all New Yorkers and our goal during this crisis
has been to really take on a special responsibility
that we owe to our community of customers, dashers

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and restaurants and to the city's and towns in which we operate. So, I'd like to highlight just a few of the steps that we've taken in response to this crisis.

We've heard today and we certainly heard throughout this crisis that for restaurants, their worlds have been turned upside down. We've sought to provide support through a combination of commission and programs to designed to increase order volume to replace the diners who are no longer able to go and sit in their favorite restaurant. At the start of the crisis, we eliminated commissions on pickup orders, we eliminated commissions for restaurants that are new to Door Dash or Caviar for 30 days and we instituted zero dollar deliveries for customers on Saturday's. Meaning customers would pay no delivery fees and the goal of that is to attract new customers to keep delivery affordable which in turn drives more revenue to restaurants.

In early April, recognizing the challenges that restaurants were facing one step further and reduced commissions by 50 percent for local restaurants like Evans through the end of May and that benefiting roughly 1,000 restaurants across the boroughs.

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3 We've also taken steps to support couriers or we
4 call dashers both on and off the road. For example,
5 we've done no contact delivery by default to minimize
6 the risk of transmission. We have provided free
7 protective equipment; we've offered two weeks of our
8 insta-dashers.

9 MODERATOR: Time is expired.

10 MAX RETTIG: And dashers earn about \$30 per
11 active hour. We're also helping deliver school
12 lunches to school students, groceries to homebound
13 seniors, working with Mount Sinai to deliver free
14 meals to healthcare workers etc.

15 I'll close by saying this, for our popcorn to
16 work, it has to work for customers, dashers and of
17 course it has to work for restaurants. People from
18 all income brackets in all corners of the city order
19 on Door Dash and there are real insignificant costs
20 associated with offering delivery from insurance to
21 cover on the job injuries to processing fees, to
22 dasher earning.

23 We have serious concerns with some of the
24 proposals under consideration today and how they
25 would impact New Yorkers from all walks of life but
it's our intention not just today but over the long

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haul to work with the Council and people like Evan,
Andrew and Jessica to ensure that we as a company are
doing everything that we can to support restaurants
and strike a balance so that customer and dashers are
also able to reap the benefits of our platform.

I'll close there. I'm happy to answer your
questions.

STEPHANIE JONES: Thank you for your testimony
Max. Next, I'll be calling on Vikrum Dave Aiyer
followed by Lisa Sorin and then Karen Narefsky.
Vikrum?

MODERATOR: Time starts now.

VIGNESH GANAPATHY: Good afternoon Chairs and
Council Members. This is a Vignesh Ganapathy on
behalf of Postmates. Unfortunately, Vikrum was
unable to attend, so I am attending in lieu of his
presence.

Postmates wants to thank you all for your
leadership at this unprecedented time. This body has
been tasked with balancing resources in a moment of
scarcity and we need a collaborative approach to this
crisis. Postmates, unequivocally supports our 10,000
local New York merchants. 30,000 workers doing
deliveries, families, and our most vulnerable

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populations. And we'd like to walk you through the steps we've already taken to help these folks in these unprecedented times but unless we amend 1896 and 1908, on demand delivery apps, like Postmates will struggle to effectively serve these local brick and mortar merchants, be able to enable homebound individuals to be able to access the food that they are increasingly relying on, on delivery for and to durably support the city's long term recovery efforts.

So, to date, over eight weeks ago, as Postmates closely monitor the CDC guidance, we prioritize the input of local brick and mortar retailers, cities, and our fleet of 400,000 gig workers across the country o to open up our platform in historic ways. We've been able to offer noncontact delivery. A fleet relief fund to cover medicals visit and PPE, sick leave, family care relief but we have still found that we've had an 84 percent jump in the number of individuals who have popped on this platform, which reflects the reality that we have 27 million unemployed individuals as a result of the crisis.

Looking at the way in which the rate cap proposal is made, you know, we see why it's being presented

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but we have numerous concerns about it and are eager to work with you all on a proposals that would be able to both benefit the restaurants that rely on our platform as well as enable delivery to continue to be an option.

This proposal creates a false choice between helping restaurants thrive and preserving delivery when New Yorkers need it most. And we believe we can solve this problem without pitting two symbiotic industries against each other.

We're looking for something that's not a one size fits all proposal here and our delivery fees that are charged to merchants are tailored to each one of those restaurants needs. That includes everything from restaurants that are looking for granular data in terms of area they might want to expand to, all the way through marketing help, getting them a point of sale service and the customer service representatives that are able to help when a delivery doesn't make it on time.

But much like the restaurant industry, facilitating delivery of goods and prepared foods is also a slim margin business. The blunt instrument of a rate cap on our industry could have unintended

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consequences of limiting delivery options for
restaurants, slowing delivery for customers and
increasing prices paid by consumers. And as was
observed by labor unions in San Francisco and Seattle
who protested the Mayor's actions there -

MODERATOR: Time expired.

VIGNESH GANAPATHY: Had an impact on worker pay.
Unfortunately, in San Francisco, we've already seen a
decline in earnings for workers and revenue for
restaurants as a result of the blunt effect of that
type of cost shifting.

So, I really want to close with a quick point
which is that you've heard today about some platforms
being able to afford the cuts and some not being able
to do so. And that's because all tech companies are
not made the same. rate setting would have the
unintended impact of rewarding those with the most
capital or establishing monopolies instead of working
in the core matter at heart. Raising cash fast for
mainstream.

A price cap for an item would benefit a big box
store more than a corner of degas and similarly we
think that an alternative proposal, a restaurant
resiliency fund that we are all able to support,

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would be able to enable New York restaurants to
continue to thrive without blunting the benefits that
on demand delivery has provided to date.

Thank you.

STEPHANIE JONES: Thank you for your testimony.
I see Chair Cohen has a question. Chair?

CO-CHAIR COHEN: Yeah, I just, I admit, I don't
use these apps, so I like going to hearings and
showing off what I don't know about what's going on
in the city but would you consider yourselves
competitors to Grubhub or do you think of your
business as being different? If you are competitors,
how would you say that this sector is broken up in
terms of market share?

How would you say that the sector is broken up in
terms of market share?

VIGNESH GANAPATHY: I appreciate the question
Chair Cohen. You know I can't really speak to the
market share situation here because two of the
companies that are present are publicly traded, two
are not.

So, we don't have the granular data in terms of
the market share within New York. But to the first
part of your question in terms of how we all

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function, there are various differences between the different platforms, we charge commissions structured in different ways. Postmates is proud of offering ones single commission fee and structure for a restaurant, so that they are not relying on having to have an additional fee for marketing and an additional fee for a phone service or something else. Everything is rolled up into one fee that makes it very simple and easy to understand for the restaurants on the platform.

That differs across the industry but at the same time, I think we all do compete in the marketplace.

CO-CHAIR COHEN: Just before I stop. Do you think that restaurants have with the various app options, do you think that they have negotiating power or really are they compelled to be on the apps if they are going to have a viable delivery business or they have to be on Grubhub.

I guess, the thing that will motivate me to act is if I feel like the restaurants don't have the ability, don't have any choice in dealing with you guys.

VIGNESH GANAPATHY: Yeah, that's a great question. You'll notice when Evan was speaking

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earlier, you know, different restaurants tend to take different packages depending on what works best for them. There are some restaurants that have on demand delivery drivers already present at their disposal. There are some that don't and there are some restaurants that you know are really looking for insights into in terms of how they can grow. Maybe there's some restaurants that need additional help with how to take a good photo of food that ought to be available. There's some restaurants that have customer service capabilities that enable them to be able to deal with higher order volume and there are some that don't.

So, I think ultimately it isn't a one size fits all sort of solution. Each one of these platforms is actually giving a very different array of options that's available to those restaurants. There's a reason that he mentioned that the commission structures actually look very different across the board. And you know, there are some restaurants you will walk in, you'll find multiple tablets meaning we offer a point of sale services for restaurants that might not be able to afford them themselves and that's actually all rolled up into that cost. The

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overhead of maintain that, the hundreds of customer service representatives that are able to answer questions when an order is late, all of those individual pieces are all part of this commission structure.

So, I think it's you know, even though from the outside it might seem to be very similar, these are all quite different.

CO-CHAIR COHEN: Thank you Stephanie.

STEPHANIE JONES: Thank you so much. Next, we have Lisa Sorin followed by Karen Narefsky and Noannee u. Lisa?

MODERATOR: Time starts now.

LISA SORIN: Thank you so much for the time. Good afternoon Chairman and everyone present. I will say that throughout this entire hearing, I had my presentation done and testimony but I'm forced to have to change tactics for a minute.

First, I'll say that as far as the sidewalk café permits, I am 100 percent about getting rid of them temporarily until December. It's going to be the one way that our businesses and our restaurants can thrive.

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3 So, you have our 100 percent support. On the
4 subject of what we were just discussing, the delivery
5 services, a chamber is probably the last person or
6 the last organization to say that the government
7 needs to involved in how we manage business. But for
8 this instance, I have to say that we're going to take
9 a different note and say that to Jessica, made a
10 wonderful point. If one person is suffering,
11 everybody should fall into place and based on my
12 conversations with our businesses in the outer
13 boroughs and especially in the Bronx, they are being
14 hit hard and these services that should be something
15 that is helping during this desperate time is
16 actually hurting them.

17 And to the point of our Council representatives
18 that are on, I echo the fact that you know they are
19 forced at this point to have to participate in these
20 programs because a lot of them did not have the
21 opportunity or knew of or understood how to do it.

22 To the gentleman from Postmates, I think that
23 it's important that maybe you know you take this cap
24 temporarily that you all look at how the impact of
25 our businesses, the restaurants the outer boroughs
and start with the level of education on what all

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these mean because everybody now is coming to the table, but during the time that things were settled, the conversations were very fluid as to what restaurants expected from delivery services. And now, it's almost a hard pill to take and I don't see the hard hit on the delivery services. If anything, it's almost like you're using this right now to benefit your companies. Rightly so, everybody has to make money but these are unprecedented times.

Going onto the continuity loan and the SBS, I wish the Commissioner would still stay on. The one percent to the Bronx is disgusting. The outer boroughs have been impacted for so long as it relates to the opportunities and access to monies and resources. The Bronx Chamber has taken along with partnerships of the bids. I see Jennifer and Mike Brady fighting really hard to bring education –

MODERATOR: Time is expired.

LISA SORIN: Okay, bringing education to our businesses. But when you see a one percent, then the City of New York needs to take notice and say that there is something wrong with the system. If the Bronx is not being allocated the monies and something needs to change and this will be followed up with a

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very strong letter and I'm asking the representatives from the Bronx especially to take notice of this because at this point there's something wrong with the system and the Bronx is going to fall way behind more than it has in the past and I think there is something wrong with all of that.

Thank you for the time.

STEPHANIE JONES: Thank you Lisa. I see Chair Cohen has a question.

CO-CHAIR COHEN: I just wanted to tell Lisa, I'm glad to see you. I'm glad to see that you are well and I look forward to doing business again face to face.

LISA SORIN: Absolutely Councilman Cohen, you have done amazing work for us and we really appreciate and as with Chairman Gjonaj, thank you.

STEPHANIE JONES: And I see Chair Gjonaj also would like to ask a question.

CHAIRPERSON GJONAJ: Thank you Stephanie. Lisa, thank you for making an attempt to be a part of this. As you can see, we have our work cut out for us. I'm going to rely on you to chamber the bids and all of the associations that exist to come together on this. You'll definitely have the cooperation of the

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1 delegation to back you up on this but that was, as
2 you put it, disgusting. That one percent of that
3 money made it to the Borough of the Bronx is
4 inexcusable, it's unforgiveable knowing the we are
5 the poorest borough. That we have so many bad things
6 that have attributed to the borough, the least that
7 they can do is make sure that the limited resources
8 and that's actually a joke, the amount of resources
9 they put into the grants and loans. \$39 million is
10 an insult to begin with and to have only one percent
11 of that work its way to the Bronx is inexcusable,
12 unforgiveable and we're going to be coming together
13 after today's conference to figure out how we can
14 move ahead. But we're going to need your support and
15 everyone else to join us.

17 LISA SORIN: Thank you Councilman and if I can
18 add to the one thing that's coming positive out of
19 this situation of working from home, we have the time
20 to reach out to all the businesses and you know, our
21 Council people rightly so have asked us where the
22 businesses that when there's problems with some of
23 the bills being introduced and we're here to say that
24 you'll be hearing from all of them very soon.

25 CHAIRPERSON GJONAJ: This is a wake up call.

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LISA SORIN: Absolutely.

CHAIRPERSON GJONAJ: It's evident that in good times, we don't get the resources and in bad times, we're not getting the resources. So, thank you.

LISA SORIN: Well, squeaky wheel get the oil right. I think the Bronx is about as squeaky as it can get right now.

CHAIRPERSON GJONAJ: Thank you.

LISA SORIN: Thank you.

STEPHANIE JONES: Thank you Lisa. I'd like to welcome Karen Narefski to testify, then Jo-Ann Yoo then Ahyoung Kim. Karen?

MODERATOR: Time starts now.

KAREN NAREFSKI: Thank you Chair Gjonaj and Chair Cohen and Committee Members for the opportunity to testify. My name is Karen Narefski and I am the Senior Organizer for Equitable Economic Development at the association for Neighborhood and Housing Development.

ANHD is a nonprofit organization whose mission is to build community power to win affordable housing and fighting equitable neighborhoods for all New Yorkers. Our members include more than 80 neighborhood based community develop organizations

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across New York City and we're also a member of United for Small Business New York City, a coalition of community organizations across the city who are fighting to protect small businesses from the threat of displacement with a focus on owner operate and minority run businesses that serve low income in minority communities.

We've been happy to work with the Council to pass commercial tenant harassment legislation. The state of the storefronts and storefront tracker programs and the commercial lease assistance program.

So, as we all know, small businesses who are already operating on very tight margins and extremely vulnerable to the threat of speculation and displacement are now really seeing a catastrophe due to COVID-19.

As the Speaker noted at the beginning of the meeting, 26 percent of all jobs in New York City are at business with 20 or fewer employees. So, the result in closures and layoffs ripple through the community and have a broad economic impact.

In immigrant majority people of color neighborhoods that are already bearing the greatest

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burden of COVID-19, employment and small businesses
tends to be at a much higher proportion.

So, we really need swift and comprehensive action
to protect commercial tenants from displacement and
permanent closure. I'd like to speak today to Intro.
1914 and Intro. 1932 as well as to the urgent need for
rent relief and targeted support for commercial
tenants.

Intro. 1914 builds on the valuable work that the
Council and USBNYC have done to prevent commercial
tenant harassment. While we support expanding
protections to all commercial tenants, we also want
to note that small business tenants really have the
resources to hire a lawyer and go to court.

We also support Intro. 1932, we think it's an
important effort to protect small business owners
from personal financial risk, but we ask the city to
strengthen it by expanding it beyond the COVID-19
period and by clarifying that personal guarantee
agreement, even that are not included in the lease
itself, are also covered by the Intro.

As I mentioned, we support these Intro.'s with
the suggested modifications but they are not
sufficient to meet the current crisis for commercial

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tenants. Businesses that are closed are experiencing a significant loss of income to not pay rent or other business costs. As was discussed earlier on, the city is no longer offering grants or loans to small business through SBS and it has been extremely challenging if not impossible for small and immigrant owned businesses to access the PPP and idle loans provided by the federal government.

Analysis that AMHD did in 2017, showed that New York City small business especially –

MODERATOR: Time is expired.

KAREN NAREFSKI: In the outer boroughs face numerous barriers to accessing loans and those are only being exacerbated.

So, I'll finish by saying both that the city should be really prioritizing direct aid for immigrant owned small businesses which are almost half of our city's small businesses and are helping to keep our city alive and that also, the city does have the power to enact commercial rent relief for commercial tenants and ensure that those tenants are not saddled with hundreds of thousands of dollars of debt they will never be able to pay back.

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So, we thank the Council for introducing this relief package and we encourage you to continue to take broad measures to support small business tenants. Thank you.

STEPHANIE JONES: Thank you Karen. Next, I will be calling up Jo-Ann Yoo, Ahyoung Kim and Ryan Monell. Joanne?

MODERATOR: Time.

JO-ANN YOO: Thank you so much Council Members. Hello, it's so great to see you. I think right around this time if we were not in lockdown, I would have visited your office a gazillion times by now but it is still great to see you guys in this capacity.

I am Jo-Ann Yoo and I'm the Executive Director of the Asian American Federation and I am here to lend my voice to the aspirations of this Council. As you know for the past two and a half years the federation led the charge to legalize electric bicycles that are used by food delivery drivers who are mostly Chinese and Latino immigrants, many with that immigration status.

The job of a delivery workers is an extremely arduous one having to ride more than 12 hours a day,

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40 to 60 miles a day, 6 to 7 days a week for a few
dollars an hour.

I want to thank this legislative body for
supporting the workers since our fight to legalize
the e-bikes began. Just before the city encountered
this pandemic, electric bicycles were legalized by
Governor Cuomo and the federation was headed back to
the Council to wrap up the legalization process. And
then as the pandemic hit, delivery workers who are
designated essential workers, it should not have
taken global pandemic to make the city realize that
we rely on these immigrant workers to deliver food.
The irony is not lost on Asian American Federation
and certainly not to all of our Council leaders. I'm
sure that the workers are grateful that they didn't
have to be afraid of every encounter with NYPD that
would have you know, led to tickets that cost more
than their months wages.

Every night at 7:00 our city pokes our collective
heads out to cheer those essential workers. Some of
those cheering folks who I'm sure complain about the
delivery workers. As we start to emerge from our
homes into a city that now staggering unemployment,
small business that will never reopen, hundreds of

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thousands of New Yorkers wondering how their essential needs will be met and Black and Latino families start filling with grief of losing so many loved ones. This is an opportunity for this legislative body to envision a new economy that is centered on the working class, the very people who kept the city going while most New Yorkers have the privilege of being at home during the pandemic.

During this pandemic, the food delivery app sent emails to their customers to ask our contributions to emergency funds that should the workers get sick. Workers who deliver foods without sufficient personal protection equipment. Delivery apps also designated delivery workers as independent contractors, to serve them paying taxes or provide benefits. Their workers do not have much choice but to except these unconscionable conditions of unemployment. These food delivery apps report billions of dollars of revenue through the exploitation of most vulnerable New Yorkers.

After months of being at home, I'm sure as we are all looking to return to the new normal, but I hope that the new normal is not to embrace the injustices we've always felt.

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MODERATOR: Time expired.

JO-ANN YOO: And I hope that you will work with
us to envision as an economy that really does
highlight the people who have kept us alive.

Finally, I want to thank all the Council Members
who signed onto a letter that NYPD to return all the
electric bicycles to the workers. These bicycles are
\$2000 a piece and as we know NYPD is holding hundreds
of these bicycles. We ask that Council continue to
lend their voice in demanding that e-bike workers get
their bikes back and that the economy of the city not
be on the backs of immigrant food delivery workers.

Thank you.

STEPHANIE JONES: Thank you Jo-Ann. Next, we
have Ahyoung Kim followed by Ryan Monell followed by
Steven Choi.

MODERATOR: Time starts now.

AHYOUNG KIM: Thank you. Thank you Chair Gjonaj
and Chair Cohen.

STEPHANIE JONES: Chair Cohen, did you have a
question for Jo-Ann?

CO-CHAIR COHEN: No, I'm just going to try to
encourage people to try to adhere to the clock, there
is still actually a number of people who want to

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testify and if people could limit their testimony to
three minutes, we'll get through everybody.

STEPHANIE JONES: Okay, I apologize for
interrupting Ahyoung Kim, go right ahead.

AHYOUNG KIM: Alright, thank you both Chairs and
the Committee Members and thank you very much for
your patience throughout the day. We've all been
here for quite long enough.

My name is Ahyoung Kim, I am the Small Business
Project Manager at the Asian American Federation and
we welcome the Council's efforts of protecting small
business owners through measures as the bills that
are being discussed today. We must argue that they
are not really enough for the most vulnerable small
business owners and we worry that the merchants that
we help today are not going to be able to take
advantage of such measures.

The bill such as the Intro. 1914 and 1932, give
small business owners some protection from harassment
by their landlords but they do not change the simple
fact that the small business owners cannot afford to
pay rent today. We urge the Council to also put into
place conditional incentives for landlords to give
rent relief to tenants instead of just relying on

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their good intentions and so that you know, the tenants that are have be debilitated by COVID-19 can actually have some kind of protection rather than being able to put it off for three months later, just because you know, because there's a moratorium on eviction.

But more importantly, I wanted to point out to you that these kind of measures also need to be put in place with ample language assistance that allows immigrant small business owners to one, learn of such measures in city programs and two, seek appropriate legal assistance. I do not have to remind you today that our Asian small business owners were the first to be hit by the economic impacts of COVID-19 but they are also the ones that are most left out when it comes to city initiatives for helping our small business owners.

According to the New York State Department of Labor, Asian American unemployment claims in the week of April 11th rose by 10,210 percent. 10,210 percent compared to the 501 claims in the same period last year. To us, this shows that Asian American community has been holding up the very fabric of this economy throughout the city but have not been helped

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out and that have not been reached out to when it
comes to programs that can be helped.

For example, as pointed out by Council Member Koo
and Chin, when the New York City ERG program closed,
the grant program by the SBS, we can surmise space
and responses from the small business associations
that we work with. That most of our small businesses
did not participate in the city programs because of
poor language assistance and lack of coherent
instructions.

The city's SBS is now directing small business
owners to federal assistance programs, as you have
all heard today, but many merchants still worry that
they are ineligible for federal assistance or
hesitate to even apply because of the overwhelming
documentation requirements or the lack of a social
security number, even if they have been paying their
taxes with a ITIN.

We believe that our community and our small
business merchants also need to be given a voice.

MODERATOR: Time is expired.

AHYOUNG KIM: Just because they don't have the
methods to be able to speak to you in a hearing like
this to come up to give their voice, lend their voice

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to talk about what is actually going on to their business today, does not mean they are fine, it does not mean that they are going to be okay.

In fact, from 2006 to 2012, during in the last great recession we experienced, the Asian small businesses were the ones that created an almost half of net new economic activity in the city.

MODERATOR: Time expired.

AHYOUNG KIM: So, okay, so, just one last thing. We want to say that small business owners that have specific concerns about new regulations also have to be heard and we would love to work with you in the near future to talk about issues like Perth[SP?] machines or like small business that have to mandate, sorry, that can't really like adhere to the new regulations that are going to be put into place because of logistic and financial issues.

Thank you.

STEPHANIE JONES: Thank you for your testimony Ahyoung. A reminder to everyone that you may submit written testimony to testimony@council.nyc.gov or by our website.

Next up is Ryan Monell followed by Steven Choi and then Mohamad Attia.

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3 MODERATOR: Ryan, your time is going to start
4 now.

5 RYAN MONELL: Well, thank you Chair Cohen. Thank
6 you Chair Gjonaj. I appreciate the opportunity to
7 testify today. My name is Ryan Monell, I'm the
8 Director of City Legislative Affairs for the Real
9 Estate Board of New York.

10 As we all know, there are few industries or
11 sectors have been shielded from the economic downturn
12 brought by COVID-19 and that includes the real estate
13 industry. Unfortunately, some of the bills in the
14 package introduced by the Council as a response to
15 COVID-19 artificially select winners and losers. As
16 we look towards ways to push for robust but safe
17 economic recovery, is critical to every proposal put
18 forth by any level of government or advocacy group is
19 fully vetted and underscores the fact that one well
20 intentioned bill can have numerous consequences on
21 our city's ability to meet other objectives.

22 REBNY would like to identify two bills relevant
23 to our members for which we have questions and
24 concerns. First, REBNY is opposing Intro. 1932. In
25 a time when which a city should be finding ways to
work together with the private sectors to provide

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relief to all businesses and workers, who cannot afford to pick winners and losers as it pertains to commercial lease contracts and other contractual agreements between two parties.

This legislation proposes a seemingly and permissible inner lateral amendment of existing valid contracts. Solutions that would benefit all parties could be collaborative support for business interruptions report, rent relief and commercial mortgage from congress.

Additionally, 3,342 New York City condominium and cooperative properties including HDFC's contain retail space. Retail space in condominium and cooperative buildings are fundamental to the financial viability of these residences. They keep homes affordable by off setting costs that would otherwise be paid for by the voting senates.

Second, relative to Intro. 1914, REBNY agrees wholeheartedly with the Council that protecting tenants from harassment of any kind, literally during COVID-19 should be a priority. However, it is important to clearly define what harassment means when most of the normal ways our society interacts with have changed recently.

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3 Considering the needs of daunt social distancing
4 practices and wear face coverings, REBNY has concerns
5 on if the bills address is what could be misconstrued
6 as harassment. We encourage the Council to take
7 these scenarios into consideration to best provide
8 more clarity about for building owners and tenants
9 alike.

10 Additionally, REBNY has concerns about how a
11 building owner will understand what constitutes a
12 COVID-19 impacted business. As written, there does
13 not seem to be a contingency toward how long a tenant
14 could claim protected status relative to the COVID-19
15 Disaster Declaration. Theoretically allowing for the
16 protected class to be claimed well after the current
17 pandemic.

18 With this said, we look forward to working with
19 the Council to address these concerns in a way that
20 strengthens this legislation. As we work to address
21 reopening our economy while prioritizing the health
22 and safety of all New Yorkers, we support proposals
23 and actions and embrace collaboratively.

24 Additionally, we need to understand the reality that
25 most small businesses and industries across our city
need real and immediate financial relief.

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Programs are proposed to eliminate obligations in one part of the ecosystem without guarantees for the backend.

MODERATOR: Time expired.

RYAN MONELL: Or responsibilities. Thank you and I appreciate this.

STEPHANIE JONES: Thank you Ryan. Next up, we have Steven Choi, Mohamad Attia and Carina Kaufman Gutierrez.

MODERATOR: Steven, your clock will start now.

STEVEN CHOI: Great, good afternoon. I am Steven Choi; I am the Executive Director at the New York Immigration Coalition. We're an umbrella policy and advocacy organization that works statewide with 200 immigrant serving member organizations.

I want to thank Chair Gjonaj, Chair Cohen and the members of the two committees for convening this important hearing and allowing us the opportunity to submit testimony.

Look, the impact of COVID-19 on New York City cannot be understated. This disease has really effected every single facet of our city. In one area that has clearly felt the immense impact has been small business in NYC, particularly those that are

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owned by immigrants, serve immigrant communities and those that employ immigrants. We applaud the Council for acknowledging that small businesses have fared poorly during this pandemic and we support Intro. 1846 by Council Member Torres, as protecting the wages of primarily immigrant frontline delivery workers is very important. They are risking their lives to deliver our food and should receive all their wages and more.

Similarly, we also support Chair Gjonaj and Council Member Moya's bills Intro. 1895, 1896, 1897, 1907 and 1908 that protects small businesses from being gouged by fees by third-party food delivery services and we're glad to hear that the Council is really engaging in a lot introspection with these food delivery services including their feet to the fire. We also support Council Member Rivera and Adams bills Intro. 1914 and 1932 as well.

All that being said, I have to say frankly that the City Council could go even further to support small businesses and immigrant run small businesses. We've seen hundreds of billions of dollars from the federal government dolled out to support small businesses but completely missed the target for a

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number of different reasons. So, Washington DC has failed immigrant small businesses and we desperately need New York City and the Council to have their backs.

So, as part of our New York United Campaign, we've identified several we've identified several key commonsense measures to ensure immigrants across New York can remain safe and healthy and there are a couple of things that I wanted to mention. Number one, creating an emergency cash assistance fund for those New Yorkers cruelly left out of the federal relief packages including direct cash payments and help for small businesses. Punishing landlords that are harassing tenants both residential and commercial should be done in tandem with direct cash relief to be truly effective. We also want to say that even in this moment, expanding New York City paid sick leave from the current mandatory five days to fourteen, we believe is actually critical as well. To make sure that businesses and employees are truly healthy.

Finally, expanding access to food vendor licenses by passing Into. 1116 by Council Member Chin.

MODERATOR: Time expired.

STEVEN CHOI: We think that's critical as well.

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3 Thank you for convening this extremely important
4 hearing and we will continue as the NYC to engage on
5 this critical issue to support our immigrant small
6 businesses.

7 STEPHANIE JONES: Thank you Steven. Next up will
8 be Mohamad Attia, Carina Kaufman Gutierrez and then
9 Mike Brady. Mohamad Attia?

10 MODERATOR: Clock is starting now.

11 MOHAMAD ATTIA: Thank you. Good afternoon
12 Council Members. My name is Mohamad Attia, I'm the
13 Executive of the Street Vendor project at the Urban
14 Justice Center. The Street Vendor Project is a
15 member led organization that advocates for the street
16 vendors rights and fights to improve their working
17 conditions. We are a proud member of United for
18 Small Business NYC Coalition.

19 While street vendors have been dealing with an
20 outdated unjust system that was created four decades
21 ago, that has impacted their livelihoods dramatically
22 and made it quite impossible for them to be
23 financially secure and the City Council hasn't passed
24 legislation to fix this broken system yet. We're
25 deferring to Intro. 1116. We have recently seen the
effect of COVID-19 pandemic, it has made it even more

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1 dire for them to sustain their livelihoods. Street
2 vendors are the smallest businesses in New York City.
3 They are mostly hard working immigrants and military
4 veterans. Single mothers of low income New Yorkers
5 who live day by day to survive and thrive in our
6 city. They serve all New Yorkers across the city,
7 contribute to the local economy, create more jobs,
8 pay taxes. An estimated \$70 million a year by a
9 study made in 2012.
10

11 Just like any other small businesses but yet,
12 they are still excluded from all government relief
13 programs. The vast majority of street vendors are
14 not eligible for any small business assistance
15 provided by the federal government or the city
16 government as sole providers.

17 Not to mention, that thousands of street vendors
18 who are undocumented and in mixed immigration status
19 families, haven't received a dime from the government
20 during this crisis, although they have been paying
21 their fair share of taxes and fees just like other
22 businesses or workers in New York City.

23 It is so disappointing that today's hearing, with
24 the various legislations being heard and introduced
25

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today, we don't see any support being offered to
street vendors.

Last month, eight Council Members, some of whom
are here now, thanks to Council Member Chin, Council
Member Rivera, Council Member Lander, who have been
advocates for the street vendors, a population that's
always overlooked and other Council Member signed a
list of demands that street vendor's community needs
to survive during this pandemic, including creating
granting opportunities via New York City Small
Businesses Service Department for sole proprietors,
these microbusinesses including the street vendors
who would be eligible to receive.

The list is not so long but that's maybe the most
important part of it. We haven't yet received a
response from City Council, the Speaker Corey Johnson
to these demands and our community needs the support
of the whole City Council at this moment. It's
unfair and unacceptable to see how New York City
government is excluding a population of nearly 20,000
people who are part of the most vulnerable
communities.

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Street vendors are essential workers who have
been feeding our city since its establishment and
it's so disappointing to see the government ignore.

MODERATOR: Time expired.

MOHAMAD ATTIA: We urge the City Council to
introduce and pass legislations that supports small
businesses such as but not limited to bodega's, small
mom and pop stores and street vendors who are mostly
operated by immigrants that use traditional methods
in running their businesses and mandate the city
administration –

CHAIRPERSON GJONAJ: Thank you for your
testimony.

MOHAMAD ATTIA: Thank you Chair.

CHAIRPERSON GJONAJ: Thank you.

STEPHANIE JONES: Thank you Mohamad. Next is
Carina Kaufman Gutierrez, then Mike Brady and then
Pablo Benson Silva. Carina?

MODERATOR: Clock is starting now.

CARINA KAUFMAN GUTIERREZ: Good afternoon Council
Members. My name is Carina Kaufman Gutierrez and I
am the Deputy Director of the Street Vendor Project
at the Urban Justice Center and a member of the
United for Small Business Coalition.

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3 Thank you to the Small Business Committee for the
4 opportunity to speak today. The Street Vendor
5 Project is a member led organization that advocates
6 for street vendor rights and fights to improve
7 working conditions. Rights which have been in crisis
8 long before the COVID-19 outbreak.

9 However, as Council Members Chin and Lander have
10 highlighted today, street vendor small business
11 owners have been hit hard by the COVID-19 outbreak.
12 Vendors serve New Yorkers all across the city,
13 contribute to the local economy and culture, create
14 jobs, pay taxes, just like any small business but yet
15 they are excluded from almost all existing government
16 relief programs and many are reporting record income
17 losses of up to 90 percent if not 100 percent.

18 As primarily immigrant small business owners and
19 workers, many of whom are undocumented and/or cash
20 economy workers, street vendors are ineligible for
21 government support, such as paid sick leave or even
22 most loans and grants that are offered to small
23 businesses making an already dire situation critical.

24 Again, although small business loans and grants
25 exist, in practice we have found that immigrant small
business owners in addition like in coalition with

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street vendors have been ultimately ineligible due to monolingual English application documents, extensive documentation required and extensive eligibility criteria. Many immigrant run small businesses fear that they will be unable to open after the crisis.

Along with United for Small Business, we are asking for the creation of a New York City small business grant with the following parameters of eligibility.

First, is to ensure that eligibility is not dependent on commercial rent payments, utility bills or payroll. Confirm that no immigration status reporting is required either for employer or employee. Allow for adequate documentation to include that which is suitable for cash transaction reporting such as daily sales on written ledgers or end of day counts. Ensure that all promotional and application materials are in multiple languages and allow for mobile food vending, licenses or permits, general merchandise licenses, tickets even that have been received for vending or proof of quarterly sales tax to be sufficient proof of sole proprietorship.

New York City has yet to create a response that supports street vendors thereby excluding a

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population of nearly 20,000 people who serve our city
rain or shine and we urge you to take action to
ensure that all New Yorkers emerge from this crisis
safely and are able to continue to contribute to our
city's economy.

Thank you.

STEPHANIE JONES: Thank you Carina. Next is Mike
Brady followed by Pablo Benson Silva followed by
Jennifer Tausig. Mike?

MODERATOR: Clock starting now.

MIKE BRADY: Thank you Stephanie. Good morning
Chairs Cohen or afternoon Chairs Cohen and Gjonaj and
members of the Small Business Committee and the
Committee on Consumer Affairs and Business Licensing.
My name is Michael Brady, I'm the Chief Executive
Officer of the Third Avenue Business Improvement
District and the Boulevard Commercial Corridor
located in the South Bronx.

I will just give a couple highline items in terms
of where we support and then I'll go into some more
detailed comments. We are supportive of Intro. 1914
on commercial tenant harassment. We are supportive
of Intro. 1916 on sidewalk café licenses. We are
supporting fee caps for a third-party delivery

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vendors with the understanding that this particular legislation should go in as a temporary fix during the emergency now and then look towards a more long term permanent solution to prevent the bastardization of a system that basically rapes our restaurant industry.

In terms of the personal liability clauses on Intro. 1932, we would recommend further review by legal to prevent any obstacles in the future before this legislation is considered further.

So, just quickly, despite our city's emergency preparedness planning efforts, the COVID-19 pandemic and its ongoing impact caught out city off guard. It's taken the lives of 60,000 Americans, hundreds of thousands of New Yorkers have been infected and it's disproportionately impacted low income communities of color.

The public health impact has been great and the subsequent economic impact will have a lasting effect on our city for decades. During times of crisis, some individuals, groups, and governments rise to the occasion and alternatively some of the same groups remain silent or quite frankly fail.

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The COVID-19 pandemic has shed light on those fractures in our system. I'm here to discuss the limited business resources implemented by the City of New York during the first two months of this pandemic. I'd like to preface this by stating that our first priority is always public health. However, business falls in very quickly as a second.

While I commend New York City Department of Small Business Services for nimbly moving an entire office operation to remote work within a week. I further commend the SBS on its drive to implement a grant program within the first few weeks of the mandated business closures and thank Commissioner Bishop for being so available to small businesses reforms and webinars. I do have to say I'm very disheartened at the lack for forethought that went into creating the New York City Employee Retention Grant program, which closed nearly as quickly as it opened and you know it cited a lack of financial resources but I think structurally it was flawed from the beginning.

I have more prepared.

MODERATOR: Time expired.

MIKE BRADY: But I'll submit it into you for the record. However, I just have to say that the City of

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New York really missed the mark on small businesses. Whether it's the loan fund or the grant fund, the City of New York needs to wake up. Our small business have been assaulted by government for at least the last decade and I'm a Centaurus democrat. We can't ignore the past and what this body has done stripped the life out of our small businesses is really unconscionable. But we can gather together and fight for a better future.

So, with that said, I thank you for your time. My comments of substance are in the record but I do need to let us know that we can no longer use the phrases of the we wills. We need to say that we have and deliver on those promises that we as a city and we as a government make. We can't continue our threshold of broken promise and the proverbial pimping out of small businesses, it just won't be tolerated any more.

CO-CHAIR COHEN: Michael, we hear you and I appreciate your testimony. I think that people should know that the Third Avenue does so much more than just support businesses but your concern for the greater community that's served by the Third Avenue is not lost on, and certainly on the Bronx

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1 delegation. So, I want to thank you and I just want
2 to add more thing, I don't know how many people are
3 from the Street Vendor Project are still on the Zoom
4 but I really think that maybe the Consumer Affairs
5 staff and I, we should maybe do a separate Zoom for
6 them at some point, to try to see if there's some
7 interim solutions that we can come up for street
8 vendors in particular. So, thank you.

9
10 MIKE BRADY: Absolutely. Thank you, Council
11 member Cohen and I think that particularly for Bronx
12 street vendors there is probably some bandwidth with
13 the Bronx community relief effort where there are
14 some access to some philanthropic dollars that we can
15 deploy for our street vendor support.

16 CO-CHAIR COHEN: Thank you Mike.

17 STEPHANIE JONES: Thank you. Chair Gjonaj also
18 has some follow up questions. Chair?

19 CHAIRPERSON GJONAJ: Thank you Stephanie and
20 thank you Chair Cohen. Michael, thank you for being
21 a part of today's hearing, for making the time to be
22 here. Your leadership is renowned and well known out
23 there. So, I'm looking forward to reading your full
24 testimony.

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But Michael, were you surprised to hear that only one percent of that limited, and when I say limited, I'm being very generous. That limited SBS loan and grant program, that one percent that worked its way to the Borough of the Bronx?

MIKE BRADY: I would be lying if I said I wasn't surprised. I didn't think it would be that bad, quite frankly. I knew the Bronx would be disproportionately less than the rest of the City of New York but one percent is disgusting quite frankly and I have a lot of friends who I consider friends and colleagues at small business services and there's really something wrong, structurally wrong with our city and our agencies if only one percent of resources that we have gets to a borough that has historically been disenfranchised at redlines.

This is the story of redlining all over again, but it's coming from the City of New York.

CHAIRPERSON GJONAJ: Michael, thank you and I think it's abundantly clear that this should be a rude awakening of the borough of the Bronx and our small businesses and what we actually mean. I mean, all small business should be upset by the low dollar amount. \$39 million for 200,000 businesses. That

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equates to about \$245 per business. That is an insult and we know there was an interim gap meant to help along until the federal funds came in, but we spend more on some very minor culturally important things but nothing to this magnitude. Small business is the backbone of our city as an economic engine.

To only give \$39 million is an insult to begin with, let alone to have that small amount come into the Borough of the Bronx. So, I'm expecting you to continue this leadership Michael. Rally your troops, you shouldn't be just the Borough of the Bronx, but citywide you have to help deliver that message back to this Administration that enough is enough. And that they must do more and we're going to hold them accountable. What they've done is borderline criminal. \$39 million to help 200,000 businesses is unforgiveable.

MIKE BRADY: Absolutely Chair Gjonaj and you know I would just say to Commissioner Bishop because I know during last weeks Stated Meeting there was a lot of question about what business improvement districts are doing.

In the past three weeks, the Bronx Business Improvement Districts have packaged over 1,000 PPP

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loans for Bronx businesses. We have deployed
\$500,000 worth of grant monies to Bronx businesses
without the bureaucratic red tape of government.

So, when we ask what Bronx bids are doing during
a pandemic, we are active in providing services and
we would expect that the City of New York would be
providing those same services.

CHAIRPERSON GJONAJ: You've done more than the
entire City of New York for just your commercial
corridor. Kudos to you Michael, they are lucky to
have you. Thank you.

MIKE BRADY: Thank you Mark.

STEPHANIE JONES: Thank you Michael. Next up is
Pablo Benson Silva followed by Jennifer Tausig and
then Matthew Newberg. Pablo?

MODERATOR: Time is starting.

PABLO BENSON SILVA: Thank you very much. Thank
you very much Chair Gjonaj and Cohen. I want to
thank you all for organizing this hearing remotely.
I am with the New York City Network of Worker
Cooperatives. We are the trade association for
worker on businesses in New York City and we are also
a proud member of the United for Small Business
Coalition.

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3 I just want to second all of the demands that
4 were expressed earlier by Karen, Carina, and others.
5 But I'm here representing the WCBDI, Worker
6 Cooperative Business Development Initiative, which as
7 you know is funded by City Council discretionary
8 funds.

9 Firstly, because like a lot of our businesses
10 were unfairly excluded from a lot of these SBS, the
11 SBS grant and loan program. Partly because they
12 defined employee employment very narrowly. Excluding
13 what we would call member distributions or patronage,
14 especially for LLC structured cooperatives and we're
15 representing 70 percent of our worker owners are
16 immigrants. They are not going to have access to the
17 federal relief direct cash payments. They have a
18 much higher threshold to get the PPP and other
19 federal small business relief programs.

20 And they are also unfairly impacted by the UBT
21 tax, the Unincorporated Business Tax and that is
22 something that we're hoping to get some kind of
23 relief for, just because of the amount of owners
24 right. Since most in Worker Cooperatives, most of
25 the workers are owners of the business.

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So, for these and many other reasons, we feel like this crisis has impacted our community disproportionately but nevertheless, the Worker Development Initiative which has 14 partner organizations has done a lot of amazing work during this period. Our partners have just been inundated with requests. An avalanche of TA requests from distressed businesses in which their operating at double and sometimes triple their capacity.

So, we definitely feel that our work is super essential in moments of crisis like this. You know, we've served over 2,000 individuals during this period. You know, our online resources have reached over 125,000 people and supported over 300 businesses.

One of the things that we think is, its super strategic to think that City Council think about Worker Cooperatives as a model to preserve businesses as business owners retire or are forced to retire because of this crisis. You know, a lot of businesses, 85 percent don't have succession plans. So, telling to their workers is a way of preserving those jobs. We hope that City Council considers our proposed enhancement—

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MODERATOR: Times expired.

PABLO BENSON SILVA: Of \$5.4 million for next
year. Thank you very much.

STEPHANIE JONES: Thank you Pablo. Next is
Jennifer Tausig followed by Matthew Newberg and then
Gregory Frank. Jennifer?

MODERATOR: Time starts now.

JENNIFER TAUSIG: Good evening Speaker Johnson,
Chair Gjonaj, Chair Cohen and members of the New York
City Council. My name is Jennifer Tausig, I am a Co-
Chair of the New York City Bid Association and also
the Executive Director of the Jerome Gun Hill Bid in
the Bronx.

The Association and 76 individual bid members are
stewards of New York City's commercial corridors and
are working harder than ever to help our businesses
and city during this unprecedented time. Our mission
has always been to support our local businesses, keep
neighborhoods safe and bring prosperity to our
communities. Never has our work been more vital and
essential than it is today.

Our association and bid directors are sharing
information about relief programs, shut down
directives and city agency initiatives with business

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owners. They are actively sharing information on businesses that are opening with customers. Staff are still working to the minimum extent necessary to maintain public safety and sanitary conditions as per the states executive orders.

The essential work bids continues during this crisis. The Bid Association is also working closely with other advocacy organizations, many of whom we've heard from today. Andrew and Michael and Lisa to have a united voice on how to best support and save our local businesses. We will continue to advocate for both small businesses and property owners in commercial districts across New York and look forward to working with our elected leaders on innovative solutions to ensure our city bounces back stronger than ever.

Our small businesses are suffering unlike ever before. We have long been advocates for our struggling storefront businesses but the now face unparallel challenges. Many businesses have been forced to close and the few that remain open have major operational constraints. Our restaurants and bars as we've heard are the life blood of our neighborhoods. They are also a critical food option

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for our residents but are now limited to only take out and delivery. Even when dining in was allowed, many businesses were already losing money on deliveries when working through third-party apps. Now these apps are surely seeing record profits while our local restaurants are hanging on by a thread if at all.

We've heard that as many as half of the restaurants that are closed, currently closed may never reopen and many more are closing every day. This is why we fully support legislation to rain in excessive fees and predatory behavior by third-party food delivery companies. We believe that this action could be the difference between survival and closure for countless local businesses. We also support the waiving and refunding of sidewalk café license fees as well as a temporary delay in licensing renewal requirements.

Businesses have so many operational costs and regulatory burdens, anything we can do to reduce those costs during this crisis and after, will be critical to ensuring the continued survival of these businesses.

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1
2 Lastly, we recognize that many commercial tenants
3 may find it difficult to pay rent during these hard
4 times. However, we must ensure that any legislative
5 efforts also take into account the continued
6 operational costs of property owners and their
7 obligations to creditors. Many of the buildings in
8 our outer borough commercial corridors including the
9 one I represent in the Bronx, are owned by small
10 landlords.

11 We believe that the commercial tenant legislation
12 considered today and others being currently
13 considered are well intentioned; however, the fact
14 that some of those property owners might not see any
15 rental income until April 2021.

16 MODERATOR: Time is expired.

17 JENNIFER TAUSIG: May create another untenable
18 situation. We look forward to working with the City
19 Council to find solutions to these unprecedented
20 challenges. Thank you.

21 STEPHANIE JONES: Thank you for your testimony
22 Jennifer. I see Chair Cohen has some questions for
23 you.

24 CO-CHAIR COHEN: I just want Jennifer to know
25 that I've noticed the work the you've been doing in

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these very difficult times. I've very, very appreciative. The Jerome Gun Hill Bid is in my district and I really look forward in working hand and glove and we try to revitalize and maybe even make it better than it was on the other side of the coronavirus.

So, thank you for your partnership.

JENNIFER TAUSIG: Thank you for all of your support through all the years and we're with you.

STEPHANIE JONES: Thank you Chair. I see Chair Gjonaj also has a follow question or remark.

CHAIRPERSON GJONAJ: I just want to follow the sentiments of my colleague Jennifer. We're very fortunate to have you in our borough and working hard for our small businesses and for those mom and pop shops and we're grateful to you. But as you can see, we have a lot of work ahead of us and we're going to need to roll up our sleeves. You've always had them rolled up and now we need to engage everyone and the approach must be an attack on any small business is an attack on all small business. United we're going to get through this, so I'm grateful to you.

Thanks Jennifer.

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JENNIFER TAUSIG: Yes, thank you for your
leadership as well and we're with you to the end.

CHAIRPERSON GJONAJ: Which doesn't sound like
it's far off anyhow the way things are going. The
end is closer than we think. Don't respond Jennifer.

STEPHANIE JONES: Thank you Jennifer. Next up is
Matthew Newberg followed by Gregory Frank, followed
by Yin Chan. Matthew?

MODERATOR: Time starts now.

MATTHEW NEWBERG: That's not my video. Alrighty,
good evening Council Member Gjonaj and Chair Cohen.
My name is Matt Newberg, I'm the Founder and Author
of HNGRY. A new media platform dedicated to the
emerging intersection of food and technology.
Despite having only been a few months since my last
testimony, we have witnessed a decades worth of new
developments. We are now officially living in a 100
percent off premise society where take out and
delivery are the sole options for dining in our
favorite restaurants.

In a post COVID, pre-vaccine world there is no
doubt that delivery and take out will continue to
remain the dominate lifeline or restaurants.
However, the chance of restaurant survival will

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continue to decline each and every day until the entire system is rethought. In just a matter of weeks, restaurants have suffered a one, two punch. Depressed sales and on top of that a rising percentage of delivery that accounts for those sales.

So, according to a recent survey from the national bureau of economic research, restaurant owners had a 30 percent of remaining open through the end of December if the current crisis lasts for four months. That probability quickly has the 15 percent if it last 6 months. As Momofuku founder David Chang recently Tweeted, restaurants cannot survive off of take out alone, referring to delivery as fools gold.

To explain why, consider an example from the CEO of a very successful vegan fast casual chain by Cloe. If delivery accounts for a third of our restaurant sales yesterday and double to two-thirds today, that same business would have to increase its total sales by 50 percent to just break even assuming a 30 percent commission to third parties. Compared to that and simply not done any delivery at all, the restaurants selling two-thirds delivery would have to double its sales to just break even.

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Thus, [INAUDIBLE 4:38:12] presentation to a room full of restaurant execs last November was titled, The Zero Sum Game of Delivery. Of course, this math was all done before the crisis and assumes a restaurants can make a healthy 15 percent margin on dine in. But the principles remain the same. The more deliveries sold to third-party apps like Grubhub, Door Dash, Uber Eats and Postmates the worst restaurants bottom line. An example that turns the zero-sum game into downright unprofitable is Grubhub Super for Support. A controversial promotion that takes advantage of restaurants that don't read the fine print. The scheme offered consumers a \$10 discount bared completely by the restaurant. While it's simultaneously charging the same 20 to 30 percent commissions of the entire order value, not discounted.

So, if you do the math, that restaurant would have to pay \$22 of a \$40 order to Grubhub for fees and discounts. That's a 64 percent reduction of profit had it not participated at all.

After getting flack, Grubhub responded by setting up a \$30 million fund to provide each of these restaurants with a mere \$250 each.

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MODERATOR: Time expired.

MATTHEW NEWBERG: If they would be of use. I guess, I just want to close and just show you – I wanted to share my screen very quickly just to show you the economics of this promotions, so you can better understand that.

STEPHANIE JONES: Matthew, please feel free to submit that by email with the email address that I shared earlier. Thank you so much for your testimony.

MATTHEW NEWBERG: Thank you.

STEPHANIE JONES: Next we have Gregory Frank, the Ein Kong and then Alice Lew. Gregory?

MODERATOR: Time starts now.

GREGORY FRANK: Thank you. Good evening Chairman Cohen and Gjonaj and members of the City Council. I am Antitrust Lawyer and a Partner of the New York City Law Firm Frank LLP.

Since I testified before this committee concerning third-party delivery services last July, At the behest of Councilman Gjonaj, I have continued my investigation into any unlawful practices. I have interviewed stakeholders including restaurants and

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consumers and have reviewed numerous documents
including the form contracts required of restaurants.

As a result of the findings of my investigation,
I now represent several New York City consumers who
filed an antitrust lawsuit against the third-party
food delivery services in a federal court styled
Davitashvili v Grubhub at Al. The lawsuit alleges
that all of the third-party delivery services
testified here today, include in their contracts
unlawful menu price restraints. The services clauses
prevent restaurants from offering lower menu prices
to New York City consumers when they make purchases
and sales channels other than through the third-party
delivery services. This hurts both restaurants and
consumers.

By precluding restaurants from offering lower
menu prices to dine in and direct delivery consumers
who order on a restaurant's website or phone, the
delivery services unlawfully restrict competition
from restaurants for their own customers. Long after
this crisis ends, these clauses will continue to
cause prices to be higher for consumers in the dine
in and direct markets even though the services do not
even participate in those markets.

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1
2 Instead, the menu price restrictions cause prices
3 to be higher for everyone. Moreover, once this
4 crisis ends, these menu price restraints will prevent
5 restaurants from offering discounted menu items to
6 bring consumers back to dine in the restaurants even
7 though they would be more profitable for the
8 restaurants and less expensive for consumers.

9 For this reason, I strongly support bill 1907
10 because restaurants should be allowed to set their
11 menu prices however they want. This is capitalism.
12 The delivery services leveraging their monopoly power
13 in the food delivery market to use price restraints
14 that cause higher prices in other markets is not. I
15 must also voice my support for bill 1908-A, the
16 commission cap and bill 1897 concerning transparency
17 of costs.

18 During my investigation, one restaurant tour
19 observed that Seamless used to offer the same service
20 for a 5 percent fee. Moreover, Grubhub, Seamless now
21 acquire only spends 10 percent of its cost on
22 technology. Grubhub's rates are monopolistically
23 high is reflected in the testimony we heard today.
24 As Grubhub charges almost twice what Uber Eats does
25 for the same service.

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MODERATOR: Times expired.

GREGORY FRANK: I'm happy to answer any
questions.

STEPHANIE JONES: Thank you Gregory. Next up we
have Yin Kong, Alice Lu and then Julian Hill. Yin?

MODERATOR: Time starts now.

YIN KONG: Good afternoon everyone or should I
say evening at this point. My name is Yin Kong, I am
the Director of Think Chinatown. We're a nonprofit
based in Manhattan's Chinatown advocating to support
what we love about Chinatown. I know neighborhoods
all across New York are hurting at this difficult
time but I am here today to raise a red flag about
how the small business economy in my neighborhood,
Chinatown has been disproportionately impacted by
this pandemic.

So, first of all, the economic downturn in
Chinatown began as early as January. This was due to
xenophobic fears but also due to cultural norms
observed in our neighborhoods which lead to stronger
practicing of social distancing earlier on in the
pandemic. That means that we went on pause in a more
intense manner in an earlier timeline compared to
other neighborhoods in New York City.

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As early as January, Chinatown community members had already cancelled plans for Lunar New Year gatherings. Second of all, both SBS and SBA grants and loan programs were not inclusive in the grant owned businesses. Language support on the application and on the outreach of the program is sorely lacking. By the time grassroot efforts pulled together to fill in the gaps for translations, the funding was already run out.

The cash basis business practice common in Chinatown also results in a paper trail that may not be able to fully reflect loses and informal payroll prevalent in small family owned businesses excluded many businesses from benefiting in meaningful amounts from the PPP.

I know the intention of SBS and SBA is employment retention and I appreciate Commissioner Bishop's shout out to his testimony that small businesses in Chinatown were specially kept in mind for the roll out of the SBS relief plans, and I also look forward to seeing his zip code based numbers. Thank you, Councilwoman Chin, for asking for that but even more than that, we really need to take a look at what type of businesses are benefitting from these programs.

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1 Because I got say, it's really been missing the mark
2 in Chinatown. And this is why the Chinatown
3 community needs targeted support.
4

5 Here are some places I think the City Council can
6 invest in. One, protect the wholesale produce
7 network in Chinatown. It is the life blood of our
8 neighborhoods economy. I know this complex network
9 of produce wholesalers in Chinatown is not visible on
10 the way to Hunts Point but it's an entire quality of
11 small businesses are depending on that, including
12 grocers, street vendors and hundreds of restaurants.
13 Not only in Chinatown but across New York City.

14 A failure of this infrastructure will lead to
15 many downstream effects such as closures of retailers
16 and restaurants. There is also many jobs. Second
17 recommendation is targeting rent burden. It is the
18 number one concern for business owners in Chinatown.
19 Self-employment as a means of survival, when you are
20 shut out of the mainstream job market due to language
21 skills and citizenship –

22 MODERATOR: Time is expired.

23 YIN KONG: But Chinatown business owners take on
24 these tough business conditions because of necessity.
25 I also want to point out the fact that because

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Chinatown is a neighborhood with the most rent stabilized and controlled units, our commercial property takes up the burden in any increase of property tax and fees, meaning our community landlords have less flexibility in determining lower commercial rents and street level storefronts.

CHAIRPERSON GJONAJ: Thank you for your testimony.

YIN KONG: Thank you.

STEPHANIE JONES: Thank you again. Next up is Alice Lu, then Julian Hill, then Brendan Martin. Alice?

MODERATOR: Time starts now.

ALICE LU: Good evening everyone. I won't be able to stream my video because my internet is a little bit glitchy, so I will just have to talk to you guys over audio.

So, again, my name is Alice and my family are small business owners in Chinatown, but I was brought to this meeting through Think Chinatown.

I want to talk to a little bit about my families experience as well as many other small businesses experience in applying for these existing grants and

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loan opportunities that were given to us by the
state, the city, and the federal government.

So, my family actually applied for the Employee
Retention Grant that was administered by the SBS.

After having spent one entire day gathering all the
necessary documents including bank statements, POS
system statements, revenue, annual revenue, etc., we
only found out that we were eligible for \$960.00, a
mere \$960 and then on top of that when we were called
and contacted by the administrator of the grant, we
found out that we were not eligible for it because we
had no proof of payroll that was acceptable to SBS.

So, they insisted to us that the only acceptable
document for payroll was check stubs but that's not
something that exists for Chinatowns small mom and
pop businesses and for microbusinesses. And so,
therefore, it excludes all of these small businesses,
immigrant businesses and microbusinesses.

We offered to instead supplement with W-2 forms
to show that employees got paid or NYS45 forms to
show that our business paid employees, but none of
that was excepted as eligible proof. So, this
restrictive pool of eligible documents really needs

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3 to be widened, so that it's inclusive of the unique
4 situation of small business owners.

5 The second thing I want to talk about is rent and
6 property tax in Chinatown. So, with federal programs
7 like the PPP or EIDL, a lot of these businesses have
8 not been able to apply. This is because, well, a lot
9 of it has become too troublesome for small businesses
10 in Chinatown to take advantage of because most of our
11 overhead cost comes through the rent and property
12 tax, not through employees.

13 So, when you are not able to get a large sum of
14 PPP programs, then small businesses have to consider
15 whether it's worth it to even apply for these
16 programs when they are even considering the fact
17 whether they will reopen.

18 MODERATOR: Times expired.

19 ALICE LU: In terms of that, I want to point out
20 a solution which is for future programs to
21 incorporate rent based grants or loans or rent
22 vouchers or even property tax forgiveness programs
23 for the future in order to make this more sustainable
24 for small businesses and immigrant businesses.

25 Thank you.

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3 STEPHANIE JONES: Thank you Alice. Next, we have
4 Julian Hill then Brendan Martin and then Ryan Roy.
5 Julian?

6 MODERATOR: Time starts now.

7 Julian Hill: Speaker, Chairman Gjonaj and Cohen,
8 our committee members, thank you for this opportunity
9 to testify. My name is Julian Hill and I'm a
10 Supervising Attorney at TakeRoot Justice. TakeRoot
11 believes that empowering local organizing is really
12 how we decrease suffering in our city.

13 TakeRoot advisors work with cooperatives through
14 the work of Cooperative Business Development
15 Initiative WCBDI, which was mentioned before. It is
16 a Council funded initiative helping build a
17 solidarity economy. TakeRoot also supports small
18 businesses through the commercial lease assistance
19 program which was also mentioned before. It's an SBS
20 program that's actually up for renewal next year. I
21 thank Commissioner Bishop, countless Council members
22 for supporting these small business programs.

23 Our clients are mostly low income, mostly people
24 of color, mostly women, often non-English speaking,
25 often immigrant business owners currently being
devastated by COVID-19.

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3 I'll take briefly about Intro. Numbers 1914 and
4 1932. Regarding Intro. 1914, we agree that the term
5 harassment should include threatening tenants
6 impacted by COVID-19 directly or indirectly.
7 However, our clients who often can't at this point
8 afford to pay rent, certainly can't afford to pay for
9 a lawyer either. We suggest further thought around
10 sharing what resources are necessary for small
11 businesses to be able hold their landlords
12 accountable under this bill.

13 Regarding Intro. number 1932, we also agree,
14 business owners should not be personally liable for
15 breaking a lease or the terms of the lease due to
16 COVID-19.

17 Two quick suggestions, extend the COVID-19 period
18 by several months to contemplate what would
19 inevitably a need for time to recover and two, expand
20 the definition of personal liability provision to
21 include guarantee agreements which often accompany
22 leases and give effect to personal liability in the
23 first place.

24 Look, before TakeRoot, I've advised domestic and
25 Latin American companies at a very large law firm, so
I understand there are multiple perspectives here,

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but let's not ignore what's obvious. Small businesses need rent relief. Most landlords are not providing that relief despite our efforts. The largest corporations in the world got bailed out. People need to know that City government which has the authority to abate rent will put all of its tools on the table to help them. Failure means power in property in the hands of fewer large corporations and monopolies which has been brought up several times today, and the exploitation of community, labor, culture, and investments.

Corporate elites are erratically imagining the future of this city post COVID-19, having an organized financing, labor, power, commercial space. We should to.

Thank you again for this opportunity to testify and I welcome any questions that folks may have.

Thanks.

STEPHANIE JONES: Thank you Julian. Next up, we have Brendan Martin, Ryan Roy and then Andrew Ding. Brendan?

MODERATOR: Time starts now.

BRENDAN MARTIN: Hi, can you hear me? Hi, my name is Brendan Martin, I'm the Executive Director of

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the Working World. I want to thank the City Council,
the Chairman and everyone for getting together in
this time and putting together this virtual hearing.
Thanks for hearing all of the extraordinarily
important challenges that small businesses in our
city are facing.

The Working World is a lender who does technical
assistance to cooperative businesses in the city.
So, I'm following up on some of the comments by my
colleagues Pablo Silva that he made earlier.

90 percent of the money that the Working World
lends out goes to people of color business. The
small businesses in this city. The Working World is
also part of the Worker Cooperative Business
Development Initiative, WCBDI that helps these
cooperative businesses, helps create new small
businesses and in particular, small businesses that
create equity in New York City.

What I want to talk about today is the kind of
work that we've had to continue doing. The Working
World and WCBDI are work lending and supporting
cooperative small businesses, not only has it not
been interrupted but its multiplied many fold. Like
a lot of people doing what you might call essential

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type work. We've been up to 4 a.m. most nights to respond by raising over a quarter of a million dollars just our selves for grant relief directly to small businesses by raising almost one and a half million dollars in federal aid by doing dozens and dozens of applications for city and federal support for these small businesses.

Most of these small businesses are people of color. The majority of them are in immigrant communities, the places that have been hardest by COVID and the places that are getting the least amount of support. It is the work of WCBDI to target these most marginalized areas of the city and support the small businesses there.

However, as we mentioned before, some of the crisis that we see worst in response to something like this pandemic are the crisis that already existed. There was a small business crisis happening in this city of retiring business owners. The majority of our small businesses were owned by baby boomers who were in the process of retiring. There was already a crisis of employment we saw coming if those retirements all went through.

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Now what we're seeing is the retirements we saw coming in the next five to ten years seem to be happening in the next five to ten months, if not sooner.

We have had a five times increase, unsolicited in business owners saying I wanted to retire and I'm just going to get out now and no amount of financial support is going to help them bring together the energy as a 70 year old plus person to restart their business. One of the few solutions that have been brought forward –

MODERATOR: Time is expired.

BRENDAN MARTIN: To not only help weather this storm but actually to rebuild after this storm has passed has been the possibility of conversion to worker ownership. With so few owners available, so few buyers available to buy out these businesses from these retiring owners, the conversion to worker ownership is one of the few solutions that have been presented and it is the core work that we do at the working world and that WCBDI does. And not only is it one of the solutions that is actually not just going to get through, it has to be put on table is

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one that can do so with extraordinary equity, an
inclusion of people from around the cities.

So, we're asking that the for a very small price
relative to other things being floated, you can keep
the opportunity of worker ownership that has been
boomed for the city since the City Council starting
funding it a few years ago and it's now all of a
sudden become more essential than you could ever
imagine as the need for this worker ownership
solution for work in the 21st century has become
paramount during this crisis.

Thank you.

STEPHANIE JONES: Thank you Brendan. Next, we
have Ryan Roy, then Andrew Ding and then Carlos
Martinez. Ryan.

MODERATOR: Time starts now.

RYAN ROY: Thank you very much for this
opportunity to speak. I am a Small Business Owner in
Greenpoint, Brooklyn. I am a Brooklyn Native, I grew
up here my entire life.

My business is located in a building with over
100 smaller you know, studio spaces and I'm with a
group of tenants who are approximately 80 or so of us
that are trying to negotiate with a landlord and you

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1 know there's some talk about helping businesses who
2 are being harassed by their landlord. We are
3 experiencing the total opposite where no one is
4 communicating with us except through you know, an
5 intermediary who basically stonewalls us. So, we
6 feel pretty powerless to voice our needs. We are
7 unable to provide income to pay for our retail spaces
8 and then you know, paying for our residential rents
9 on top of that has just become incredibly challenging
10 and I waited five hours because you know, to speak
11 here because there is no other opportunities. There
12 is no where our voice can be heard.

14 So, I'm very grateful for this opportunity to
15 speak and you know, I own a tattoo studio, I do not
16 have employees but my space provides a space for
17 other artists to work, so they rent room from my
18 studio. So, you know, I applied for a lot of loans.
19 I'm not sure how I qualified or didn't, I haven't
20 received anything yet and I was told by my account
21 that the EDL or EIDL loan that I applied in March and
22 there was a glitch or something and now I need to
23 reapply but they are not taking new applications.

24 So, it's a lot here and I want to keep it concise
25 and just I guess I just want to get across that we're

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just feeling very powerless and like we have no voice
and we're really hoping that you know, the people can
provide support and you know, we're thinking of our
families and our livelihoods are on the line here and
we're desperate.

So, I just wanted to speak for myself and other
small businesses that are in my situations. That's
all. Thank you for your time.

STEPHANIE JONES: Thank you Ryan. Chair Gjonaj
has a question for you.

CHAIRPERSON GJONAJ: Thank you Stephanie. Ryan,
I'm not sure, I didn't catch it, where is your
establishment located?

RYAN ROY: The address is 67 West Street.

CHAIRPERSON GJONAJ: In Manhattan?

RYAN ROY: In Greenpoint Brooklyn.

CHAIRPERSON GJONAJ: Brooklyn, okay, thank you.
So, Ryan, I want you to stay in touch with me. As
Small Business Chair, I'm committed to you and all
small businesses. I want to be there and be the
resource for you and hopefully we can point in the
right direction.

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So, I want you to email me or stay in touch with my office and I promise you that we'll do whatever we can to help you. You are not alone.

RYAN ROY: Who can I email? I was actually speaking with someone from TakeRoot before this and they reviewed my lease and they are the ones who told me to come here and speak today. They were very helpful but it also seems like, if our landlord won't come to the table, they can't really help us. You know, so, where can I get your email to be in touch?

CHAIRPERSON GJONAJ: I'm going to give you my phone number, 718-931-1721 and my email is m like Mark, Gjonaj and I'll spell it out for you. G-j-o-n-a-j @council.nyc.gov.

RYAN ROY: So, dot nyc dot gov.

CHAIRPERSON GJONAJ: Perfect.

RYAN ROY: Alright, I got that yeah.

CHAIRPERSON GJONAJ: Thanks Ryan.

RYAN ROY: You'll be hearing from me. Thank you so much, I really appreciate it.

STEPHANIE JONES: Thank you Ryan and thank you to all our panelists for your patience. Next, we have Andrew Ding, followed by Carlos Martinez followed by Rahim Ali.

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MODERATOR: Andrew, your time starts now.

ANDREW DING: Hi everyone. Thank you. I am speaking into portal 1898, which is the pro-addition of erroneous telephone order fees by third-party order sites and specifically in my case, Grubhub and Seamless.

Thank you for allowing me to speak on this matter. My name is Andrew Ding and I am the owner of the Expat, a neighborhood bar and up in Harlem way up in last June 2019. The start of this mandated restaurant shut down in March we were forced to furlough nine employees and scramble exclusively to a delivery and take out model in a bid to save the jobs of some of our most vulnerable staff in the kitchen.

Prior to the shutdown, our delivery sales accounted for about 3 percent and right now, we're growing them to about 30 percent but that's 30 percent of what our total sales used to be pre-COVID. This amount is barely enough to cover payroll let alone utilities and other operational expenses and last Tuesday I was reviewing transactions for a customer, I stumbled across an Ivan labeled phone order which after clicking produced a popup window and had a play button. It was recording of a 35

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second of a phone ringing seven times and then going straight to voice mail and for this call, I was charged \$7.09. No in point and time was I ever informed or advised to be aware of such charges and as such, I didn't know to even look for them previously. So, I immediately conducted a thorough audit and I found that between January 1, 2020 and April 21, 2020, I had 55 similar charges. The total was about \$385. The majority of these calls consisted of questions about the menu, delivery radius, allergy info and hours. I had a bunch of them that were just simply phone ringing and voicemail but what was even more disturbing was that at least ten of these charges were customers who had just placed an order online but called in to ask about the status of that order. Which means we were charged twice.

More disturbingly was that a whole bunch of these people calling didn't even realize that they were calling and being redirected by Grubhub because they found our information on Yelp, which I later found out was owned by Grubhub.

Shockingly, only 3 out of 55 orders were actually orders, all of these charges. So, that means that

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3 they had a dismal 5 percent accuracy and a 95 percent
4 margin of error. It appears that Grubhub arbitrarily
5 charged the flat rate for all calls lasting over 35
6 seconds which is barely long enough to pick up the
7 phone let alone take an order.

8 The review process is also extremely cumbersome.
9 It requires us to manually review each and every
10 charge on a laptop or a desktop browser only. The
11 play function on your smart phone is not active.

12 In order to submit a request for review, we are
13 asked to take down the time and date.

14 MODERATOR: Time expired.

15 ANDREW DING: Anyway, this is predatory.
16 Everything is calibrated and stacked against the
17 business owners and we need your help to stop them.
18 Thank you for your time everybody.

19 STEPHANIE JONES: Thank you Andrew, I believe
20 Chair Gjonaj has a follow up question.

21 CHAIRPERSON GJONAJ: Andrew, first I want to
22 thank you for waiting so long to be heard because
23 what you just told me, we enforced something that we
24 knew was occurring. But we were told by Grubhub that
25 they corrected this problem. That it is not ongoing.
They've also opened up the look back period for any

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3 phone order charges that were done erroneously. But
4 you're telling me only three out of the 55 charges
5 actually yielded a sale.

6 ANDREW DING: Right.

7 CHAIRPERSON GJONAJ: And a few of them, it was a
8 double charge. Meaning that they called back after
9 they placed an order. Andrew, I'm going to give you
10 my phone number as well, this is so important to me.

11 ANDREW DING: Yeah.

12 CHAIRPERSON GJONAJ: 718-931-1721.

13 ANDREW DING: Yeah.

14 CHAIRPERSON GJONAJ: And my email
15 mgjonaj@council.nyc.gov, I want to stay in touch with
16 you. You are not the only one and unfortunately,
17 from the original hearing that we had, when this came
18 about, I said back then on the record, that I truly
19 believe this was done with intent by Grubhub, knowing
20 the small businesses did not have the time to go back
21 and look at phone orders.

22 ANDREW DING: 100 percent.

23 CHAIRPERSON GJONAJ: It was a calculated move on
24 their part. So, I'm really sorry that this is
25 continuing. This won't be the last of it Andrew. I
want you to challenge those orders immediately,

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challenge them all and we're going to get through
this together. Thank you again.

ANDREW DING: Thank you. Thank you very much.

STEPHANIE JONES: Thank you Andrew. Next, we
have Carlos Martinez, Rahim Ali, and Mojito Iaba.
Carlos?

MODERATOR: Carlos, your time is starting now.

CARLOS MARTINEZ: Good afternoon Chairperson Mark
Gjonaj and distinguished members of the Committee on
Small Business of New York City Council. My name is
Carlos Martinez, I am a member of Sunset Scholars
LLC, a tutoring cooperative and [INAUDIBLE 5:08:07]
INC, which is Cooperatives United for Sunset Park.

I'm here today to share my experience of my peers
from the Work of Cooperative Business Development
Initiative, WCDBI. Because we believe that
cooperatives are essential for supporting our
communities as and they should be supported
especially in times of crisis and recovery.

I can share a little bit about my experience
living and working as a young student here in Sunset
Park, I face many obstacles, achieve higher
education, and obtain a work opportunities. My very
first job here in New York City was at a restaurant

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where I worked for a merely \$6, \$7 an hour. That was one of my first jobs. I was there a lot of long hours but I later on moved on to being part of a cooperative.

So, being a founding member of my cooperative since Sunset Scholars at LLC has provided me with many different opportunities to one, have a flexible work special and earn money for school and give back to my community.

Since our launch in 2015, the support of the Center at Family Life, we've helped over 100 families in all academic areas. I'm also the board member of Alliance CUSP, a local non-for-profit made up of worker cooperatives advocating for immigrant workers rights, developing social leadership in the worker owned business community and providing direct services to start up work in cooperative businesses.

My cooperative person has seen a big hit because of the shutdown of the schools since we are a cooperative business. The crisis hit in very short notice, as it did with many of the other businesses. So, we were not prepared one, to provide online services to our community in such short notice. Our work has been completely put on pause as of now and

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this includes an exciting scholarship that we are planning to launch to benefit low income families in our community. The crisis has also taken a big toll on other cooperatives as I said who are members of CUSP which work in the industries such as cleaning, childcare, dog walking and other important services.

These cooperatives are made up of majority low income immigrants and women. For many of these cooperatives, contracts that happened are all now on pause and there is absolutely little to no money coming into these businesses. As cooperatives we try to help each other as much as we can, so we try to share as many resources as possible that we can with our members. But there is still a huge need for financial support at this time. Many are immigrant workers and cannot qualify for stimulus checks and do not have access to funds.

None of the cooperatives who are members of CUSP were able to access the federal aid for small businesses.

And lastly, I would just like to end with, I would like to ask the City Council to continue providing economic support and language specific to technical assistance to cooperative members. I

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believe in the impact of cooperative businesses to
invest in individuals, families and neighborhoods
creating a more prosperous and fair New York City.

Thank you.

STEPHANIE JONES: Thank you Carlos. Next, we
have Rahim Ali[SP?], Mojito Iaba and then Shawday
Swift[SP?]. Rahim?

MODERATOR: Time is starting now.

RAHIM ALI: Hi everyone, my name is Rahim Ali and
I started my business Chelsea Papaya in New York City
in 2016. Since then, my business has grown 300
percent thanks to on demand deliveries through
Postmates and hundreds of thousands of workers who
help make delivery possible in the State of New York.

At Chelsea Papaya, we've been able to hire seven
new workers that opened two other locations. When
the international COVID-19 outbreak began a few
months ago, the virus seemed so far away and I
remember thinking, what would this response look like
in my own community? What would this mean for my
employees, my customers, my business, and my
neighborhood?

And now, our business throughout New York City
has been rocked by scores like none we have ever

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2 seen. Bringing our businesses and our way of life to
3 a halt. But there is an innovative lifeline lending
4 a hand to main street. Before social distancing,
5 customers would simply walk into our business and we
6 would be able to reach so many of the people who make
7 our community what it is. On demand delivery enabled
8 Chelsea Papaya to grow our business base by three
9 times before the pandemic began. But these platforms
10 now enable us to continue keeping our doors open.
11 I've run the numbers and I know what I am paying for.
12 Services that help expand my business but also things
13 like marketing, technology, new customers, I would
14 normally not be able to reach.

15 The significance of delivery services during this
16 time has been recognized in the central service,
17 executive ordinance, and ordinances across our
18 country. Postmates and other delivery companies have
19 been aiding governments all over the country by
20 delivering meals to homebound, elderly, critical
21 medical staff and kids who no longer have access to
22 schools.

23 Small businesses like mine have been halted
24 access to small business administration loans. So,
25 why in this time when on demand delivery companies

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are critical support to our countries, our businesses and our most vulnerable in the city trying to create more red tape for these companies. This is not the time for loss that make it harder for on demand deliveries to operate. My business, our business needs these resources to stay open for business and all of us need the sense of community and closeness we feel when we sit down for our favorite meal, even if it's in our own living rooms.

That's why I'm here today, calling on legislature to protect and continue our shared economy prosperity. Restaurants and third-party platforms either sink or swim together. This isn't just about Chelsea Papaya, but about the hundreds of thousands of other businesses that continue to call New York home. Let's set an example with solutions that don't make us chose between restaurants and delivery.

Thank you.

STEPHANIE JONES: Thank you Rahim. Next, we have Mojito Iaba[SP], Shawday Swift and then Robert S. Altman. Mojito?

MODERATOR: Time starts now.

MOJITO IABA: my name is Mojito Iaba, I am a small business owners and I am originally from Japan.

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I have two stores in Brooklyn. One is in Williams Park and one in Greenpoint and due to COVID-19 we lost store. They are closed since March 18th and since most of our stores have no business, we have no income since March 18th. So, we tried to file PPP as emergency loans but so far, no luck. So, we've had a month of stress from COVID-19 dealing with PPP health insurance immigration visa for my staff and you know, things never I experienced before.

Then my landlord asked for rent for April. We told my landlord we are not making any money since March; he told me rain or shine or whatever is happening now, I have to pay the rent. She told me I have to use my savings money. I told her, we are having a crisis, so we ask for a better deal. Cheaper rent. Her answer was no. If we can't pay April or end of May rent, we have to leave by May 31st. We have to leave on May 31st and she is going to keep the \$9,000 deposit.

So, we called 311 New York City for help and [INAUDIBLE 5:16:04] the City Commercial Lease Assistance program. They have been helping us to get through this situation but since most of the

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commercial lease are unfair to the tenants, we
decided to give up and move out by April 31st.

So, basically, we are not protected by anything.
It's so unfair, you know. Everything is just unfair
right now and they told me I have a grace period for
three months but that means that I have to pay rent
after what June 1st, from June 1st, which is like over
\$10,000. I don't have it.

Small business needs help from New York City
because New York City's economy made from small
businesses that attribute from all over the world.
In order to survive as a small business owner, New
York City has to pass a bill to protect tenants from
the landlord ASAP.

I don't think we're going to make same amount of
money from June 1st.

MODERATOR: Time expired.

MOJITO IABA: Oh, okay. So, I'm just scared with
our future without any help. That's it, thank you
guys.

STEPHANIE JONES: Thank you for your testimony.
I see Chair Gjonaj has some follow up questions.

CHAIRPERSON GJONAJ: Mojito.

MOJITO IABA: Hi.

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3 CHAIRPERSON GJONAJ: I hear your struggles and as
4 Small Business Chair, I'm going to offer my services
5 to you as well. I am committed to you. Can you take
6 down my phone number please and my email?

7 MOJITO IABA: Is this the 718-931-1721?

8 CHAIRPERSON GJONAJ: Correct and my email
9 address. Do you have it?

10 MOJITO IABA: M.

11 CHAIRPERSON GJONAJ: Mgjonaj@council.nyc.gov.

12 Did you surrender your lease yet? It's too personal
13 to perhaps do this on Zoom. I want you to call me
14 after this Zoom meeting is over, after hearing, so we
15 can talk.

16 MOJITO IABA: Okay.

17 CHAIRPERSON GJONAJ: Don't give up, I'm here for
18 you.

19 MOJITO IABA: There's just so much work we have
20 to go through right now and we have so, just the
21 stress amount is just too much to handle and it was
22 one of the choice, we just forget about the one store
23 and just concentrate on one store right now because
24 having two stores and getting harassment from two
25 stores is just, we can't handle it anymore. It's
just too much stress.

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3 CHAIRPERSON GJONAJ: Mojito, I'm here for you.
4 After this hearing, I'm hoping to hear from you.

5 MOJITO IABA: I'll call you, thank you so much.

6 CHAIRPERSON GJONAJ: Thank you.

7 STEPHANIE JONES: Thank you. Again, we encourage
8 all panelists to submit any written testimony to
9 testimony@council.nyc.gov. Next, we have Shawday
10 Swift and then Robert S. Altman. So, Shawday?

11 MODERATOR: Time is starting now.

12 SHAWDAY SWIFT: Thank you. Good afternoon. My
13 name is Shawday Swift and I'm a worker, owner based
14 in the Bronx at Cards by Day and Rebellious Root and
15 a member of the Nick Nock Advocacy Council. In all
16 of these spaces I had the opportunity to dream about
17 and practice what a different world looks like and to
18 put in my community in doing the same. I began my
19 journey as Cooperator at the Green Worker
20 Cooperatives Co-op Academy back in fall 2018 and fell
21 in love with the concept of a solidary economy. One
22 accomplished as scale, what that would mean for
23 communities around the world. Through the academy, I
24 learned about the seven guiding principles of being a
25 cooperative and two that have stuck with me and that

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ground me daily are cooperation among cooperative and
concern for community.

Since COVID began, I have found myself seeking
ways to support my community and having heightened
concern for the most vulnerable cooperators who are
undocumented, uninsured, Spanish speakers,
chronically ill, etc. Considering that so many of
these solutions by our federal government excluding
entire communities of people, like PPP asking for
information that co-ops do not have. Because we are
not employers or giving loans that we are not able to
pay back instead of grants. Co-ops only have one
place to turn and that is the organizations that
built us and that support our growth.

Organizations like Nick Nock take worker
cooperative and countless others within the WCBDI
initiative who have helped me are truly guiding co-
ops, especially those with vulnerable workers to a
place where they feel seen and heard.

We should not have to jump through hoops and
break barriers to get the resources we deserve for my
city. For example, the MWBE certification being an
impossible application to complete, and this possibly
being a way to rebuild our cooperative after losing

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most of our revenue for 2020 in just 40 days and
wanting to develop a robust clientele but not having
any support to do so.

As a queer, Black immunocompromised chronically
ill cooperator who is currently financially
supporting two households for a total of six people,
I know I deserve more from our city. My community
deserves more. I know that so many of my fellow
cooperators are also supporting multiple household
and counting on their co-ops to survive this.

Co-ops are the future of our economy and without
your help, there will be a race and a time when our
society needs hope, assurance, and a place to turn.

As a cooperative community, we want to cancel
rents to assure that all New Yorkers receive aid that
our New York City Immigrant Small Grant is created
and that supplemental relief for low income New
Yorkers is provided.

I hope that today and moving forward you continue
to fund the WCBDI Initiative and all the essential
programs that guide my cooperatives work. That you
consider sharing your check with the most vulnerable
communities of New York City. That when you make
decisions, you remember all the communities, Black,

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Brown, indigenous, LGBTQIA plus, chronically ill,
immunocompromised, deaf, and enabled, undocumented
poor working class, homeless and all the other
vulnerable communities that are counting on you.

MODERATOR: Time expired.

SHAWDAY SWIFT: To guide us toward the future.
The last thing is the only way to create a new and
better system is together with those most impacted to
the front.

Thank you so much.

STEPHANIE JONES: Thank you Shawday. Robert S.
Altman is our last panelist. If we have
inadvertently missed any panelists who have not yet
had the opportunity to speak, please use the raise
hand function.

Thank you for your patience Mr. Altman, you may
begin.

ROBERT S. ALTMAN: Thank you.

MODERATOR: Time is starting now.

ROBERT S. ALTMAN: I represent the Queens and
Bronx Building Association and the Building Industry
Association of New York City. The testimony is for
yesterday and today, it's on four bills. The problem
with all four bills is they do provide a road map on

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how to gain the system. How that is, is explained in
the testimony, I won't repeat that here.

A number of members were complaining about the
fact that here it was they were having to forego
money or delay money. But in fact, they would still
be responsible to the city for the water bill, which
in some instances is even higher because people are
staying at home. They would still be responsible for
taxes. They would still be responsible for heat and
they would still be responsible for their mortgage
and it's important to remember that even in certain
commercial mortgages, there is usually a provision
which requires that if you are going to amend a
mortgage, that in fact, you must get permission from
the mortgage bank.

So, on many of these situations, realize a few
things. Tenants will say that the landlords are not
getting back to them or such and maybe for multiple
reasons. One, they have limited resources and
multiple tenants and they are trying to work it out.

Two, they do have to go back to their bank and
determine whether the bank will allow them to amend
the lease to give relief because once that mortgage,

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once the rent is lowered, there is less of the
ability to pay the mortgage.

A large majority of these landowners are not
stupid. There are some that are dumb, I grant you
that but most of them know they want to work with
[INAUDIBLE 5:24:44 - 5:24:51] landlords and most of
them are going to get some relief. Because if
everybody closes down, there is no one to rent and of
course, at that point and time fair market rents will
bottom out and the landlord will probably get less
than what they were getting from their current
tenant. So, it makes sense for them to do that.

Finally, in dealing with this, I think there are
other ways of dealing with the problems that exist
rather than using a sledgehammer. For example, if
there is an eviction proceeding, there probably
should be some form of mediation before anything
takes place in terms of an eviction or such. Because
for those landlords that are not reasonable, you do
in fact want them, how should I say, realize that
nobody is renting. The fair market rents in the are
down and that maybe they want to reconsider.

MODERATOR: Time expired.

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3 ROBERT S. ALTMAN: Thank you and thank you for
4 the opportunity to testify.

5 STEPHANIE JONES: Thank you so much Robert. We
6 appreciate your testimony. I will now turn it over
7 to Chair Gjonaj for closing remarks followed by Chair
8 Cohen. Chair Gjonaj?

9 CHAIRPERSON GJONAJ: Stephanie, we don't have
10 anyone else that's waiting that we may have
11 overlooked?

12 STEPHANIE JONES: No, we've been looking, it
13 doesn't appear that we have missed anybody, nobody
14 has raised their hand, so I think you can proceed
15 Chair.

16 CHAIRPERSON GJONAJ: So, I want to thank all of
17 you that testified today, that held on, that
18 submitted your testimony in writing. I wanted to
19 start the hearing with, I know that there is a lot of
20 pain and suffering out there including the loss of
21 loved ones. My sincerest condolences to all of those
22 who have had a tragic loss in their lives and my
23 hearts and prayers are with those that are currently
24 battling this virus and fighting for their life.
25 We're going to get through this together. We're
going to get through this crisis together because

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we're in it together and when it comes to the small business issues as well as the slew of legislation that we heard today, it's intended to make things better.

So, your testimony is important to us. We're going to take into consideration all of your comments and we're going to be paying attention to the needs of your business and the overall needs of New York City. So, I just want to thank you all and I want to thank my Co-Chair Andy Cohen for being such a great partner and a friend. Andy, as you can see, we have a lot of work together when it comes to the issues that were presented today but none more important and pressing to me than the discrimination and prejudice of the limited funds that made its way to our great borough. It truly is an injustice.

CO-CHAIR COHEN: Thank you Mark. One, you know, I know that you and I and the entire Bronx delegation are not going to take that laying down. It's really terribly disappointing and I know that we're going to all fight together to try to bring some equity to the Bronx.

I do want to thank everybody who helped organize this hearing. It was a long haul. It was a very jam

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packed agenda and you know, in light of the
circumstances, I think that we felt that we wanted to
take up all of these issues. So, I want to thank
everyone for their patience, their very, very hard
work.

Again, I want to thank you Chair for your
partnership and I'm happy to conclude this hearing.
Thank you.

STEPHANIE JONES: And if we could just, thank you
Chair. If we could just get Chair Gjonaj to close
the hearing by gaveling out. Thank you.

CHAIRPERSON GJONAJ: Thank you Stephanie and
thank you to all the staff. This will conclude our
hearing for today. [GAVEL]

C E R T I F I C A T E

World Wide Dictation certifies that the foregoing transcript is a true and accurate record of the proceedings. We further certify that there is no relation to any of the parties to this action by blood or marriage, and that there is interest in the outcome of this matter.



Date April 1, 2018